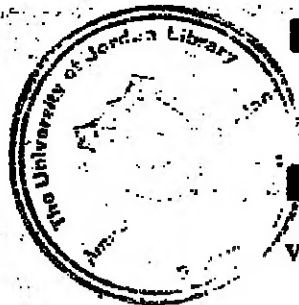


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# THE JERUSALEM POST

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## 'Warning' contradicted bank's words Mandelbaum denies hiding dollar drain

By AVI TEMKIN  
Post Economic Reporter

Bank of Israel Governor Moshe Mandelbaum's letter last month warning Finance Minister Yigal Cohen-Orgad about a dangerous drop in foreign currency reserves came at the same time central bank officials were denying press reports that the public had purchased some \$300 million during June.

Official figures released yesterday by the central bank's research department, however, confirmed the reports, showing that the private sector bought some \$295 in foreign currency in June. To prevent showing a drastic drop in reserves, the bank and the Treasury took overnight loans from abroad at the end of June.

Mandelbaum's attempt to place the blame for the drop in foreign currency reserves entirely on the Finance Ministry's shoulders has strained relations between the governor and Finance Minister Yigal Cohen-Orgad.

Mandelbaum said in a TV interview on Saturday that he had warned Cohen-Orgad about the dangerous drop in reserves and demanded immediate steps to heal the economy. The *Jerusalem Post* has learned that Mandelbaum's warning in fact came in a letter sent to the finance minister and to Prime Minister Yitzhak Shamir during the first week of July.

But ministry sources said the letter was sent only when Cohen-Orgad himself was aware of the situation and had already started to take steps to curb the run on the dollar, such as restricting credit to the public.

Public pressure caused a \$351 million drop in the reserves in July, despite efforts by the central bank and the Treasury to stop the downward trend. This led to the 15 per

cent levy on purchase of foreign currency for travel abroad and on services provided to travellers — which was imposed the day after the election.

Bank of Israel officials said yesterday that Mandelbaum's remarks followed harsh attacks on him last week in the Knesset Finance Committee, where he was accused of trying to conceal information on the drop in reserves from the public before the election.

The Bank of Israel officials stressed that the criticism of Mandelbaum was made by Likud MK Dan Tichon, and argued that it was designed to absolve Cohen-Orgad of responsibility for the situation.

"The letter which Mandelbaum addressed to Cohen-Orgad and Prime Minister Yitzhak Shamir was detailed enough. There is no way he can now say that no clear warning was contained in it," the officials added.

"Moreover, were it not for the pressure which the Bank of Israel put on the government immediately after the election, no steps would have been taken against the drop in foreign currency reserves," the officials claimed. They said that on Tuesday, July 24, it was the central bank which had first decided to act to halt trading in foreign currency.

Cohen-Orgad and Mandelbaum met yesterday evening, but according to Finance Ministry sources they did not discuss the foreign currency situation.

During the meeting, Cohen-Orgad announced that he had appointed Freddy Wider, a senior bank official to the post of foreign currency controller. Wider succeeds Yosef Sarig, who last month became general manager of the Industrial Bank.



President Chaim Herzog yesterday wishes Labour leader Shimon Peres success in forming a government. (Dan Landau)

## Soldier killed and 2 wounded in eastern sector of Lebanon

By MENAHEM HOROWITZ  
Jerusalem Post Reporter

METULLA. — An IDF soldier was killed and two were wounded — one very seriously — in the eastern sector of Lebanon when an armoured personnel carrier hit a mine two kilometres north of Yamik yesterday afternoon.

The three were transferred by helicopter to Rambam Hospital in Haifa.

The vehicle hit the mine on a patrol road on the slopes of Mount Barukh, where heavy shrubbery offers cover for saboteurs.

Israel Television said the saboteurs probably came from behind Syrian lines and returned after laying the mine.

Attempts to attack IDF soldiers in the eastern sector of Lebanon have increased recently. PLO forces occasionally fire at IDF units from Syrian

lines, and the Syrians sometimes allow PLO units to go through their lines to attack Israeli units.

At the same time, there are units operating from inside Israeli-held territory in eastern Lebanon.

There were no casualties in three other attempted attacks on IDF soldiers in South Lebanon yesterday.

A Katyusha rocket was fired at an IDF outpost four kilometres north-east of Tyre; a rocket-propelled grenade was fired at an IDF position in Tyre; and light arms fire was directed at an IDF outpost in Nabatiya.

Israel Radio reported yesterday that IDF sources said there has been a serious increase in attacks on IDF troops in southern Lebanon in recent months. Some 250 attacks have occurred in the last four months.

## Nine ships so far blasted in Red Sea Ship reported sinking off North Yemen coast

MANAMA, Bahrain (AP). — A Liberian-registered vessel was reported sinking in international waters in the southern Red Sea yesterday, extending the range of mysterious underwater explosions that have hindered navigation in the important waterway to the Suez Canal.

North Yemen announced its navy was keeping a vigilant guard on its territorial waters, which are the southernmost region of the Red Sea area where the blasts have occurred.

Lloyds Intelligence in London has reported nine ships damaged by the explosions that began July 27 near Egyptian waters. Gulf shipping sources have confirmed that six ships were damaged. But they said damage was "not too serious" and there were no casualties.

Yemeni officials, reached by telephone in Sanaa, said three ships have been damaged by explosions in

Yemeni waters. The ships were identified as the 11,800-ton Greek vessel Kriti Coral, the 5,150-ton Turkish Morgul, and the 7,720-ton East German freighter Georg Schumann.

Yesterday's blast seriously damaged the 88,599-ton Oceanic Energy of Monrovia. A Lloyds spokesman in London said the ship's distress message indicated it was sinking.

Lloyds said the ship was sailing from the North Yemeni port of Hodeida to the Saudi Arabian port of Jeddah.

Shipping sources in the Gulf noted that this would not be the worst casualty to date from the Red Sea explosions. The blast occurred much deeper into the Red Sea and international waters than earlier ones, the sources noted.

Government officials in Sanaa declined comment on the tanker incident. (Continued on Page 2, Col. 5)

## Shamir dismisses Soviet peace plan

Jerusalem Post Reporter

Prime Minister Yitzhak Shamir said yesterday that the Soviet peace plan for the Middle East, as aired last week by Tass, the official Soviet news agency, is acceptable neither to Israel, the U.S., nor the western powers.

The idea of an international conference is unworkable, he said in a survey of diplomatic developments at yesterday's weekly cabinet session.

Shamir said that more than half a dozen foreign heads of states, premiers and foreign ministers will be visiting this country in the coming months. There could be no better

proof than this, Shamir said, that Israel's international standing is continually improving.

He said that Israel is keeping a very close watch on the threat to international marine traffic in the Red Sea from mines. So far, Shamir said, the only details available to the government are common knowledge, and beyond what has already been published in the world media, he had nothing to add.

Israeli shipping is naturally endangered just as that of other nations, Shamir said, since mines appear to constitute a general threat, not targeted against any specific flag.

## President asks Peres to form government Aguda says it may join a Labour-led coalition

By DAVID LANDAU  
Post Diplomatic Correspondent

Agudat Yisrael indicated last night that it might be the first party to break out of the political-arithmetic holding pattern that has prevailed since the election.

Aguda MK Menahem Porush said last night that if his two-seat party concludes that Yitzhak Shamir has no prospect of forming a government, it will swing its support behind Shimon Peres — provided the religious terms are right.

Porush said (Yahad leader) Ezer Weizman's firm resolve not to join a government with Tehiya seems indeed to mean that Shamir has no chance of forming a Likud-led narrow-based government. "His situation is very serious," Porush said.

Porush told *The Jerusalem Post* that if Aguda aligns itself with Labour, the National Religious Party will follow suit. He said he has an "accord" to this effect with "top people" in the NRP.

On Friday, acting on orders from its two top sages, Rabbi Eliezer Shach and the Hassidic Rebbe of Gur, the two Aguda MKs, Rabbi Avraham Shapiro and Menahem Porush, told President Chaim Her-

zog that they prefer Shamir as premier.

They scoffed at the notion of a unity government as unrealistic.

The first hint of a shift came in an interview by Porush yesterday to Israel Radio's Yiddish language service. "If we see that Shamir has no chance, we will go with Labour," Porush said categorically.

The interviewer asked if this meant Aguda might be ready "to sit with (Citizens' Rights Movement leader) Shulamit Aloni" — and Porush carefully did not rule this out. He said it would depend on whether Aguda could achieve the "influence" it sought.

Later, Porush said that he had meanwhile spoken to Ezer Weizman, who reiterated his determined refusal to join a Likud-led government with Tehiya. Weizman also stressed that he could not join a Labour-led government resting on Communist support; but if there were religious parties in too, which would obviate the need to rely on the Communists, then he could join.

Porush said Rabbi Shach's main concern was that the Aguda not treat the Likud ungratefully after seven years of harmonious and fruitful partnership. This, he explained, entails not betraying the Likud or spoiling Shamir's chances of forming a government.

If, however, Shamir has no such chances, then nothing could be bet-rayed or spoiled.

Porush hinted though, that the Rebbe of Gur has deep-seated reservations about Shimon Peres, and this could be an obstacle to a Labour-Aguda rapprochement.

Aguda's move, if it crystallizes, could be crucially important for Labour, since Aguda is the only religious party capable of starting a "domino" process in Labour's direction in the religious camp. Shas and Morasha are publicly committed to Likud, and the NRP is publicly committed to a unity government. Aguda has publicly spurned a unity government, and while it recommended Shamir for the premiership, its spokesmen have been consistently careful not to "disqualify" Labour.

Paradoxically, as some observers noted last night, there is a coalescence of interests between the ultra-Orthodox Aguda and the left wing of Mapam: Both — for their own reasons — want to prevent a unity government. Mapam may well be more prepared to make religious concessions to the Aguda and the NRP than political concessions to the Likud. Labour leaders have already indicated to the religious parties that they could offer, as a last resort, a

(Continued on Page 2, Col. 2)

## Peres, Shamir to meet today on unity gov't

By ROY ISACOWITZ  
Jerusalem Post Reporter

TEL AVIV. — Prime Minister Yitzhak Shamir and prime minister-designate Shimon Peres plan to meet at the King David Hotel this afternoon to continue their talks on the establishment of a government of national unity. The meeting was scheduled in a telephone conversation between the two yesterday afternoon, after Peres sent a message to Shamir inviting him to begin formal national unity negotiations.

The Alignment's strategy will be to conduct parallel negotiations with the Likud and the smaller parties. While the talks with the Likud will deal only with the establishment of a unity government, the smaller parties will also be sounded out by participating in a narrower

Alignment-led government.

The Alignment's ad hoc negotiating committee met at Labour Party headquarters here yesterday afternoon, shortly after President Chaim Herzog charged Peres with the task of forming the next government. Participants said that it was decided to begin coalition negotiations immediately, with the intention of concluding the process as soon as possible.

In addition to tomorrow's meeting with Shamir, Peres and his negotiating team — Yitzhak Rabin, Yitzhak Navon, Haim Bar-Lev and possibly others — plan to meet tomorrow morning with leaders of the National Religious Party. They may meet with Yahad leader Ezer Weizman as well. The Alignment's intention is to meet with the leaders of almost all

the Knesset factions within the next few days.

Most of the some 15 participants at yesterday's preparatory meeting expressed the belief that the negotiations with the Likud could lead to the establishment of a unity government. In a letter to Shamir, Peres wrote that the "serious nature" of last week's exploratory talks between the two sides encouraged him to believe that such a government is indeed possible.

The composition of a national unity government must reflect the balance of forces among the parties participating in it, and it must be established on the basis of agreed basic principles, Peres wrote.

The Labour Party spokesman said last night that yesterday's meeting

(Continued on Page 2, Col. 6)

## Beirut agrees to Soviet plan for Middle East conference

BEIRUT (AP). — Lebanon has agreed to a Soviet proposal for convening an international conference to solve the Middle East crisis, newspapers here reported yesterday.

Both the independent *An-Nahar* and the leftist *As-Safir* newspapers quoted diplomatic sources at the Foreign Ministry as saying the Lebanese agreement on holding such a conference was relayed during the current visit by a Soviet official to Beirut.

The newspapers said the Lebanese side also told the Soviet official that the Lebanese crisis should be solved apart from the Israeli-Arab conflict.

Meanwhile, police said sniper fire persisted in the port city of Tripoli in Syrian-controlled northern Lebanon yesterday following three days of fighting between two rival pro- and anti-Syrian militias vying for dominance of the country's second largest city.

## Richard Burton dies at 58

LONDON (AP). — Actor Richard Burton died of a cerebral hemorrhage yesterday in a hospital in Geneva, Switzerland, the British Broadcasting Corporation reported. He was 58.

The BBC gave no details and did not say who announced the death.

Burton owned a home in Geneva and had been acting in a new film version being made in Britain of 1984, George Orwell's futuristic classic about totalitarianism.

In his most recent remarks to reporters, the flamboyant Welsh-born actor and former husband of actress Elizabeth Taylor told reporters last June that he had given up drinking and was in "semi-retirement."

Burton was one of Britain's greatest Shakespearean stage actors and a veteran of more than 40 movies ranging from classics such as *Who's Afraid of Virginia Woolf?* and *The Spy Who Came in from the Cold*, through multi-million dollar blockbusters like *Cleopatra* to a string of forgotten failures.

The BBC said Burton was rushed to hospital after feeling ill at his home near Geneva.

Burton, whose rich baritone voice and ruggedly handsome face made



Burton pictured in Jerusalem in 1975. (Rabbinim Israeli)

him the heartthrob of millions, was married five times, twice to Taylor. His widow is Sally Hay, 36, a former BBC production assistant whom he married last year.

Last month he was playing a small role as a rich U.S. congressman alongside his daughter, Kate, 26, in the CBS Television series *Ellis Island*. He had two daughters, both by his first wife, Sybil Williams.

## Tight security planned for Hebron prayer book interment

By DAVID RICHARDSON  
Jerusalem Post Reporter

HEBRON. — Security forces intend ensuring that tomorrow's planned ritual interment of torn pages from several Jewish prayer books discovered in the town over the weekend is not exploited by settlers for any partisan or vigilante action against local Arab residents, sources said last night.

The torn pages, believed to come from three or four prayer books, were discovered late on Friday scattered around the flea market in Hebron. Settlers immediately began collecting the pieces, and resumed the task on Saturday.

Local and military sources reported discernable tension in the town as the settlers went about their work and later claimed that they had collected five or six "sacks" of desecrated texts. It later emerged that there were only five or six packets, and there is still no indication of premeditated desecration.

Yesterday, the local Wakf (Muslim Trust) and Arab notables condemned the phenomenon, and the settlers for their part let it be known that any "action" they had been planning had been postponed "for the time being."

Deposed Hebron mayor Mustafa Natshé said that Moslems treat the holy texts of all religions with respect.

Official sources said last night that the torn pages are now in the hands of the police, who were investigating, but that they would be handed over to the settlers, who plan to inter them tomorrow. Tish'a Be'Av in the town's ancient cemetery.

These sources speculated last night that the pages could well have been contained in some item of furniture or suitcase bought in Israel by one of the flea-market vendors and discarded in the market without any knowledge of their value or regard for the possible consequence of their discovery.

Several years ago, when a crowd of Arab youths rioted in the Tomb of the Patriarchs and desecrated Jewish books and texts, settlers took revenge, in one case setting dogs on some Arab apprentices.

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# HOME AND WORLD NEWS

## 'Friends of Kahane' threatens press chief

By MICHAEL EILAN  
Jerusalem Post Reporter

Government Press Office director Morton Dolinsky has received a telegram from the "Friends of Rabbi (Meir) Kahane" threatening to deal with Dolinsky "as you have dealt with us."

Dolinsky, who describes himself as an "old revisionist" and staunch supporter of Herut, said last night that he does not really know what he did to deserve such enmity from Kach supporters in the U.S. He thought that the telegram might have referred to an interview he gave in which he outlined his own ideological objections to Kach.

The telegram, from Josh Landau of Boston, reads: "You have striven by every means in your power to defame and destroy our movement. Now that we have gained some element of power we intend to deal with you as you have dealt with us." Landau is identified in the signature of the telegram as "Chairman, Friends of Rabbi Kahane."

The public campaign to enact legislation that would limit the activities of Kahane and his Kach followers through an anti-racism law reached the Jerusalem municipal council last night.

Mayor Teddy Kollek, who has led the campaign for the law, asked the council to pass a resolution condemning "any manifestation of racism and violence in the city" and calling on all Knesset members to support legislation that would "stop activities against people because of their national, religious or cultural background."

All council members agreed to the basic spirit of Kollek's resolution, but there was some quibbling over wording, so the council only "noted" the mayor's statement.

The Association for Civil Rights in Israel declared yesterday that it will start a campaign to lobby for changes in the law that would limit the right of people such as Kahane to run for the Knesset.

ACRI president, retired Supreme Court Justice Haim Cohn, said at a press conference yesterday that the campaign would include lobbying for changes in the immunity from prosecution given to Knesset members by law. In an apparent reference to statements by Kahane, Cohn said that "those who do not believe in the high principles of the Declaration of Independence have no place in the Knesset."

## President Herzog hands Peres coalition-making mantle

By JUDY SIEGEL  
Jerusalem Post Reporter

Inviting Labour Party chairman Shimon Peres to try to form a government, President Chaim Herzog yesterday stressed the "national desire for a strong democratic government based on national unity" and expressed the hope that the nominee would be able to achieve it.

The announcement was made at 1 p.m. in Beit Hanassi in the presence of dozens of reporters, photographers and TV crews from Israel and abroad. Herzog's choice was no longer a guess when Peres's spokesman Yossi Beilin appeared in the hall. The Labour Party chairman, looking solemn, accompanied the president into the reception hall to make a short acceptance speech after Herzog explained his choice.

"In the consultations I held, it became evident that there is a national consensus among all the parties as to our having reached an economic situation that may well be the most dangerous and difficult this state has ever known," said Herzog.

who last week met with the heads of 14 factions: "There is unanimous awareness of the gravity of the situation and of the perils in store for us if this economic decline is not checked at once... In actual fact, such grave results are not inevitable."

But there is also a danger to Israel's democracy, said Herzog. "The most serious threat facing us today is an internal one." Believing that most Israelis want a strong and stable government, Herzog held preliminary discussions with the heads of the two major parties last week to urge them to set up a national unity government. But he preferred not to wait for them to agree before announcing upon whom he would place the task of trying to form a coalition, he continued.

It would "not be logical or realistic" to expect that a national unity government would be established before the president announced his choice, Herzog said. Ten months ago, after Menachem Begin's resignation as premier, Herzog called on Yitzhak Shamir to form a govern-

ment even though he did not head the largest party in the Knesset; Shamir, however, enjoyed the support of a majority of MKs.

But the present situation, said Herzog, "is completely different. This time we have had an election, and in my talks... delegates of parties representing the largest number of MKs recommended Peres's candidacy... Even in a situation of a stalemate, decisive weight must be given to the desire of the voters, as expressed in the results of the elections to the Knesset." Since nearly 63,000 more people voted for the Alignment than for the Likud, Herzog decided to call on Peres. Herzog wished Peres luck in his task, and gave him an initial 21 days to complete it.

Peres responded that he would do his best to ensure that the government to be formed will "respect the will of the voters." He pledged to try to form as broad a government as possible, "a national unity government, which will bridge the cracks

that have appeared within our midst."

His government, he continued, will be based on the decision of the majority but will respect the rights of the minority; bridge social gaps, ethnic differences, spiritual and national diversity; respect the religious public and refrain from coercion; ensure equal rights for all citizens; and maintain the status quo in religious affairs. Peres concluded with a quote from his mentor, David Ben-Gurion, that the government would represent "both the strength and the justice of Israel."

After emerging from Beit Hanassi, Peres read his statement in English for the foreign press and was careful to say as little as possible about coalition deals. He said he would call Shamir immediately for talks on a broad coalition, and that he had already made an appointment with a "religious party."

From Beit Hanassi, Peres went directly to the Western Wall in Jerusalem, where he reportedly placed a note between the stones.

## Likud, Labour fail to agree on Knesset speaker

By JOSHUA BRILLIANT  
TEL AVIV. - Alignment and Likud Knesset whips yesterday failed to agree on who should be the next speaker and when one should be elected, but they resolved to form a wide-ranging appointments committee to set up two temporary Knesset committees for finance and for foreign affairs and defence.

The Alignment's Moshe Shahal and the Likud's Ronnie Milo agreed to meet again on Thursday or Friday to discuss the question of the speaker, which could be a pressing problem. The law says that until one is elected, the debates will be chaired by the eldest Knesset member. That would be Interior Minister Yosef Burg, but some argued that a cabinet member should not also head the legislature. The Knesset is due to convene next Monday, for new MKs to make their declarations of allegiance.

Shahal nevertheless argued for postponing the election of a speaker - apparently because the Alignment wants to leave that post vacant for the time being to have something more to offer in the coalition talks. An Alignment spokesman expressed no preference for a candidate.

The Likud's Milo argued for early election of a speaker and suggested Prof. Avner Sciaki of the National Religious Party. But that was not a formal nomination, according to Knesset secretary Shmuel Jacobson.

Even inside the Likud, there was no clear support for Sciaki. Reached last night, MK Pinhas Goldstein (Likud-Liberals) said no Likud forum has decided that question and "this is a surprise for

me."

The matter is likely to come up when Shahal and Milo meet again on Thursday or Friday, Jacobson said. He expected representatives of all lists to be present then as well to constitute the temporary appointments committee.

That forum is supposed to discuss the formation of temporary Knesset Foreign Affairs and Defence and Finance committees. The appointment of a Finance Committee is pressing because its approval is required for every state expenditure. Shahal and Milo have agreed that the Alignment MKs will sit to the left of the speaker in what were Likud chairs in the last Knesset. Those seats face the press gallery. The Likud must now choose between the centre seats or those to the speaker's right.

## Patt: U.S. trade agreement to be ready by next month

By AARON SITTNER  
Jerusalem Post Reporter

Industry and Trade Minister Gideon Patt insists that the free trade zone agreement with the U.S. will be "wrapped up" by the middle of next month, ready for Congressional approval and finally, for implementation next year.

Giving his fellow ministers a progress report on the negotiations, Patt said that almost all of the hurdles have been overcome, except for "certain technicalities."

These include details of Israel's phasing out subsidies to exporters, elimination of non-tariff barriers,

import licensing and preparation of a timetable for tariff elimination - i.e., which goods should enjoy immediate "zero tariff" treatment, which should have their tariffs gradually eliminated between 1985 and 1989, and which should be given extended tariff protection beyond 1989.

Another point to be cleared up with the American negotiating team expected here tomorrow for the ninth round of talks is the question of so-called "infant industries." These are new enterprises which may require extra protection from full and swift exposure to competition arising from implementation of the free trade zone agreement.

## AGUDA SAYS

(Continued from Page One)

free vote in the Knesset on the controversial "Who is a Jew" issue.

Likud leaders spoke openly yesterday of their hope that Mapam's recalcitrance would thwart Peres in the unity talks, and, unable to get up a narrow-based government either, the Labour leader would have to hand the baton to Shamir.

Asker Wallfish adds: In the morning, minutes after Herzog informed Shamir by telephone of his decision to nominate Peres, the premier led key Likud ministers in a negotiating session with an NRP. (The NRP is to meet with Peres and his Labour colleagues this morning.)

NRP dove and former MK Avraham Melamed, belaboured the Likud at the session for "treating us (NRP) like second-class citizens." His implication was that Aguda did better than the NRP in the Likud-led coalition.

Melamed, whose bark in the Knesset was sometimes worse than his bite, said: "You destroyed the national economy and you undermined the administration. You thought up the idea of a national

unity government to save your skins and now you want to demand a prize for all the mistakes you made: the premiership for the Likud."

Although Melamed personally has objected since 1977 to the partnership between the NRP and the Likud, he admitted yesterday that most NRP members and voters prefer the Likud to the Alignment, "irrational as this preference might be."

The Likud negotiators listened to Melamed's outburst patiently without striking up an argument, commenting that their party is certainly not above criticism and that their representatives in the government had made some mistakes.

The NRP negotiators told their counterparts that they would not enter any limited coalition, whether headed by the Likud or the Alignment, and that they had declined last week to reveal to Herzog whether they had any preference as to who might head the national unity coalition which they were demanding.

The NRP negotiators made it plain that they want to hear proposals concerning a national unity government from the Likud as well as from the Alignment.

## CRM MKs: movement will not join unity government

By MICHAEL YUDELMAN  
Jerusalem Post Reporter

TEL AVIV. - The Citizens' Rights Movement will only join a narrowly-based Alignment government, CRM Knesset Member Ran Cohen said at a movement activists' meeting yesterday.

Cohen denied reports that the CRM had agreed to join the Alignment in a national unity government, blasting Mapam for trying to excuse its participation in such a government on the basis of Shulamit Aloni's "agreement" to join it.

Aloni scoffed at Alignment chairman Shimon Peres's claim, "the will of the people," as the reason for forming a national unity government. "Who is this people that wants a national unity government? The people voted for many different parties, and religious parties which don't even give a hoot about democracy, are on the rampage," she said.

Aloni warned that the Likud may refuse to hand over the government in an orderly way, as it received it from the Alignment. She noted that during the past seven years, the Likud acted illegally by allowing illegal settlements, such as at Beit Hadassah in Hebron, to be established.

## Egypt sees Taba as cause of tension

CAIRO (AP). - Egypt's official Middle East News Agency yesterday quoted a top aide to President Hosni Mubarak as saying that neglect by Israel of the Taba dispute "is sufficient to create an atmosphere of tension in Egyptian-Israeli relations."

The aide, Osman al-Baz called on Israel to differentiate between the exigencies of Egypt's regional commitments and its relations with the Jewish state.

"Egypt has an essential role in preserving the security of the Arab nation, Africa, and the Red Sea," al-Baz said. "Israel should not think that Egypt's relations with others are

achieved at the expense of its relations with Israel," he added, according to the agency.

Commenting on Egyptian-Israeli relations, al-Baz called on Israel to adopt a policy of "good intentions" toward solving the dispute over Taba, situated at the Israel-Egypt border south of Eilat.

Progress on the Taba dispute, as well as Israeli withdrawal from Lebanon and a solution to the Palestinian problem, are the three conditions laid down by Egypt for a return of its ambassador to Tel Aviv. The envoy was withdrawn three months after Israel invaded Lebanon in June 1982.

## Egypt probing presumed slaying of girl

EILAT (Itim). - The Egyptian authorities are making an effort to look into the disappearance of Miri Herzog and will investigate the circumstances of her murder, if it is indeed ascertained that the body discovered last week near Nuqiba is hers.

This was stated here yesterday by Tat-Aluf (Brig. Gen.) Dov Sion, chairman of the Israel-Egypt Joint Military Committee. Herzog, 18, of Gedera, disappeared last month while camping near Nuqiba.

"We have not withheld any information from the Egyptians," Sion said. "Just the opposite. The moment we knew a body had been found at Nuqiba we immediately

brought the matter to the attention of the Egyptian authorities. We did not delay the information for even an hour."

Commenting on another matter - reports in the Egyptian press of tense bilateral relations over the Taba dispute - Sion denied there is any increased tension. "Relations between us and Egypt over Taba are no different than they were yesterday or the day before yesterday," he said. "There is dialogue, and I do not discern any tension among the Egyptians."

Another informed Israeli source agreed that there is no tension. "The relations are correct, there is dialogue and many tourists cross from side to side without any problems," he said.

## Banks deny charges of interest rate collusion

By PINHAS LANDAU  
Jerusalem Post Reporter

TEL AVIV. - Spokesmen for the four largest banks, Leumi, Hapoalim, Discount and Mizrahi, yesterday vehemently denied charges of interest-rate collusion that were filed on Friday by the trade restrictions department of the trade and industry ministry.

According to the charges, in Jerusalem Magistrates Court, the heads of the four banks met between June and November 1983 and agreed to lower interest rates paid to depositors on certificates of deposit (tapes).

The banks, while not reacting formally to the charges until they have had time to study them in detail, claimed that their activity did not run counter to the Trade Restrictions Law, and that they did not act together in setting rates.

If there was any contravention, they said, it was of a technical nature, and not intentional law-breaking.

"Each bank acted on its own," said Discount Bank spokesman Dan Falk saying that "once one bank has moved to alter its level of interest rates - or any other feature of its business, for that matter - its rivals usually react very quickly, often within an hour or two."

The fact that the bank heads or their subordinates met to discuss

banking business was and is a regular feature of the banking system's method of operation, and no special significance should be attached to this, said several banking sources.

The sources stressed that in mid-1983, the policy of deliberately and artificially holding down interest rates charged on overdrafts and loans, imposed by then finance minister Yoram Aridor and Bank of Israel deputy governor Yakir Plesner, was in full force, and requests by the banks to raise interest charges were repeatedly vetoed by the Treasury and the central bank.

Since the banks were then charging interest on loans on a quarterly basis, while *tapes* accounts could be renewed every few days and the accruing interest realized, large customers could effectively get higher interest on *tapes* deposits than they paid on loans. Interest on *tapes* accounts goes up with the size of the deposit.

It was therefore worthwhile for these customers to borrow money from the banks and deposit it at the higher rates. The banks not only financed the difference, but also paid hefty fines on the liquidity shortfalls they incurred as a result of the loans.

Given the veto on increases in interest on loans, the banks claim, they had no choice but to reduce the interest they paid on deposits, to stem their losses.

## SHAMIR, PERES

(Continued from Page One)

had not dealt with the division of cabinet portfolios or the allocation of funds, both of which are likely to be crucial subjects in coalition negotiations. But other participants said that it had been decided to make "large concessions" to conclude the negotiations quickly.

Labour Party officials appear resigned to making a serious effort to establish a unity government. Mordechai Gur said last night that while he believes the Alignment is capable of establishing either a broad or a narrow government, the main effort will focus on a national unity government, because that is what the nation wants.

But the national unity initiative faces a serious obstacle in Mapam's adamant opposition to joining a government that includes the Likud. Its Secretary-General Victor Shemtov sent a congratulatory message to Peres yesterday, in which he urged the establishment of a narrow-based government as soon as possible. Immediately after such a government is presented to parliament, efforts can continue to widen its base, Shemtov wrote.

Mapam has decided to allow Peres to negotiate with Shamir in the belief that the attempt is bound to fail. But it has reserved the right to decide on

its participation if and when such a government is established. A number of Mapam leaders, among them Ya'acov Hazan and Haima Grossman, have threatened to leave the Alignment if it agrees to take the Likud into a government.

Without the six Mapam Knesset members, the Alignment would no longer be the largest Knesset faction, and Peres could no longer claim the premiership as his due.

Mapam's disquiet has been echoed by the Alignment's left-wing ally, the Citizens Rights Movement, and dovish members of the Labour Party.

Labour MK Yossi Sarid yesterday proposed a formula which might provide a way out for Mapam and the CRM. In a statement to the press, Sarid said that he would support any Peres-led government, even one including the Likud when it is presented to the Knesset. After that, said Sarid, he would vote according to his conscience, with reference to the specific matter at hand and the actions of the government. He stressed that he would not accept any position in a national unity government.

Sarid added that he would be happy if other Labour doves, Mapam, Shimi and the CRM joined him in his stand.

## Yehud holds out on beryllium licence

YEHUD (Itim). - Local council chairman Sa'ad'ya Hatucha said yesterday that he will not license the operation of an Israel Aircraft Industries beryllium workshop here "until I am certain what is going on there."

Hatucha added that the local council will meet soon to discuss recommendations of a commission set up by Health Ministry director-general Baruch Modan to study the workshop's effect on public health. Hatucha was responding to comments by Modan during a tour of the workshop organized by MK Shoshana Arbeli-Almosino for Health Ministry officials and representatives of the local council.

Modan said he accepted the commission's recommendations.

The recommendations were disclosed to participants in the course of the tour, though Modan received them in May. Modan said that since May, he has been holding discussions with IAI representatives to create "a synthesis between responsibility to public health and the need to have the project in a settled area."

An IAI spokesman said last month that the main dangers to worker safety and to the environment from processing beryllium appear in the refining and milling stage, when small particles are produced that can be inhaled as dust and vapours.

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FRANKFURT	17	63	21	70
GENEVA	19	66	22	72
KIEV	19	66	22	72
KOBE	25	77	28	82
LONG BEACH	18	64	21	70
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NEW YORK	23	73	21	70
OSLO	12	54	21	70
PARIS	13	56	21	70
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SAO PAULO	12	54	21	70
STOCKHOLM	18	64	21	70
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**THE WEATHER**

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	36	17-27	77
Gaza	78	16-30	77
Nahariya	—	—	29
Safed	28	18-28	28
Haifa Port	65	23-30	29
Tiberias	20	20-36	36
Nazareth	37	18-30	30
Afula	46	22-32	32
Shomron	37	20-30	29
Tel Aviv	65	25-29	29
B-G Airport	58	17-31	30
Jericho	23	18-37	37
Gaza	70	19-28	28
Beer-sheva	26	—	32
Eilat	5	24-39	38

## SOCIAL & PERSONAL

Ramon Armengod, the outgoing consul general of Spain, yesterday visited city hall to bid farewell to Jerusalem Mayor Teddy Kollek.

## IDF vehicle flips over, blocking Hebron road

Israel Defence Forces wrecking crews last night laboured to clear the Jerusalem-Hebron road, which was blocked yesterday afternoon when an IDF tank transporter overturned, spilling the two armoured personnel carriers it was hauling.

Two soldiers sitting in the cab of the transporter were moderately injured when it overturned. They were taken to Jerusalem's Hadassah Hospital in Ein Kerem.

The transporter overturned at a sharp bend in the road below Moshav Elazar, near Gush Etzion. Because the two APCs were loaded with explosives, the army decided to close the road until they and the transporter could be removed. (Itim)

## 36 foreigners expelled by Interior Ministry

Jerusalem Post Reporter

The Interior Ministry is now using computers to beef up its surveillance of aliens who have committed crimes. It was learned yesterday. In the past 90 days, the ministry issued 36 expulsion orders to foreign nationals.

All of the ousted foreigners had been arrested and brought before a court. Among the 36 were seven caught in possession of drugs or in drug trafficking; five for illegal foreign currency transactions or possessing counterfeit money; and eight for working without a Labour Ministry permit.

The rest were apprehended for a variety of infractions including assault, theft or failing to have visible means of support.

Expulsion orders are issued by the interior minister or his representatives under the 1952 Entry into Israel Law.

## Shmueli finishes 30th

Israeli runner Zahava Shmueli placed 30th in the marathon, with a time of two hours, 42 minutes and 27 seconds. (Olympics - Page 4.)

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7:30 p.m.: Tisha Be'av Maariv Service  
9:00 p.m.: Discussion groups

In English - led by Rabbi Dr. Gershon Levy "What can the last years of the Second Commonwealth teach us?"

In Hebrew - led by Rabbi Tuvia Ben-Chen "Internal Discussion During the Second Temple Period - What is its Message for Us?"

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**RED SEA**

(Continued from Page One)

dent since the blast did not take place in their territorial waters.

The Sanaa government condemned the blasts as "criminal perpetrations" designed to destabilize the region. But it did not say who it considered responsible.

Diplomatic sources in Sanaa noted before the Liberman tanker was struck that only "low-powered mines" appeared to be floating around the Red Sea.

They said that if the mines were "professional," the damage to the ships would have been worse. (See Iran-Iraq story, P.4.)

**YEHUD holds out on beryllium licence**

YEHUD (Itim). - Local council chairman Sa'ad'ya Hatucha said yesterday that he will not license the operation of an Israel Aircraft Industries beryllium workshop here "until I am certain what is going on there."

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سكرا من الامم



## Histadrut executive upholds not dealing with government

By ROY ISACOWITZ  
Jerusalem Post Reporter

TEL AVIV. — The Histadrut executive yesterday approved the labour organization's position of not negotiating with the present interim government. The Likud faction in the Histadrut, abstained in the vote, maintaining that in the interests of the country, the Histadrut should be prepared to talk with any government.

The executive also approved the central committee's decision to negotiate with whatever new government is formed on the basis of a document of 12 principles drawn up by Histadrut Secretary-General Yisrael Kessar. The document calls for negotiations between the Histadrut, the government, private employers and the Bank of Israel, with the aim of concluding a comprehensive agreement on subjects ranging from

incomes and prices to taxation, savings and the state budget.

Kessar strongly attacked recent statements by Finance Minister Yigal Cohen-Orgad, and reports emanating from the Treasury to the effect that the Treasury will take unilateral action to alter wage agreements, unless the Histadrut agrees to enter immediate negotiations.

"What responsibility can the present government take? What programme can it present? Kessar asked. He stressed that the agreements, which were signed in the last three months are legally binding and cannot be changed by either side. The Histadrut will take "legal and organizational" steps to prevent the government from altering the agreements, he said.

The executive also approved a motion stating the Histadrut's opposition to changes in the work agreements.

## 20% rise in unemployment last month

Jerusalem Post Reporter

There was a sharp rise in unemployment last month, according to figures released yesterday by the State Employment Service.

These figures show that despite the placement of 2,000 workers by the service for pre-election and election day duties, and despite the reduction in applications by workers who sought other employment connected with the election, there were still 37,589 job seekers at employment service offices in July compared with 31,428 in June, a 20 per

cent increase.

Other employment service statistics reveal that the number of employees idled for six or more days during last month rose to 13,376 from June's 10,854.

Meanwhile, the number of employers' requests for workers rose by a mere 439 between June and July.

The 20 per cent increase in the number of unemployed was expected in Jerusalem and Tel Aviv, where the rate hit 25 per cent, and in the Dan area, where it reached 27 per cent.

## Runners to bring certificates to MKs

Jerusalem Post Reporter

Fifty Gadan runners will leave from the Knesset building this morning carrying official certificates of membership to the newly elected members of the 11th Knesset.

The parchment certificates will be handed over to the Gadan couriers by the chairman of the Central Elections Committee for the 11th Knesset, Justice Gavriel Bach. Attached to each certificate will be a flower.

The runners will include young olim from western countries and from Ethiopia, Druse youngsters and participants in various Gadan courses.

A boy and girl runner will come to the home of each of the 120 new Knesset members and present the certificate and flower in a brief ceremony in the presence of the members' families.

## Buck passed following death of boy in abandoned house

By DAVID RUDGE  
Jerusalem Post Reporter

HAIFA. — The death last week of a nine-year-old boy in an abandoned house of the city's Wadi Salib quarter has so far failed to galvanize any authority into dealing with other equally dilapidated buildings in the run-down district.

Shikmona, the Israel Land Administration, said the Haifa municipality all say they are not responsible, and that it is the owner's responsibility.

Police are investigating possible negligence on the part of the owners of the building in which Rabiya Makhoul died.

But the inquiry is likely to take some time, and residents and at least one city council member are demanding immediate action to prevent another tragedy.

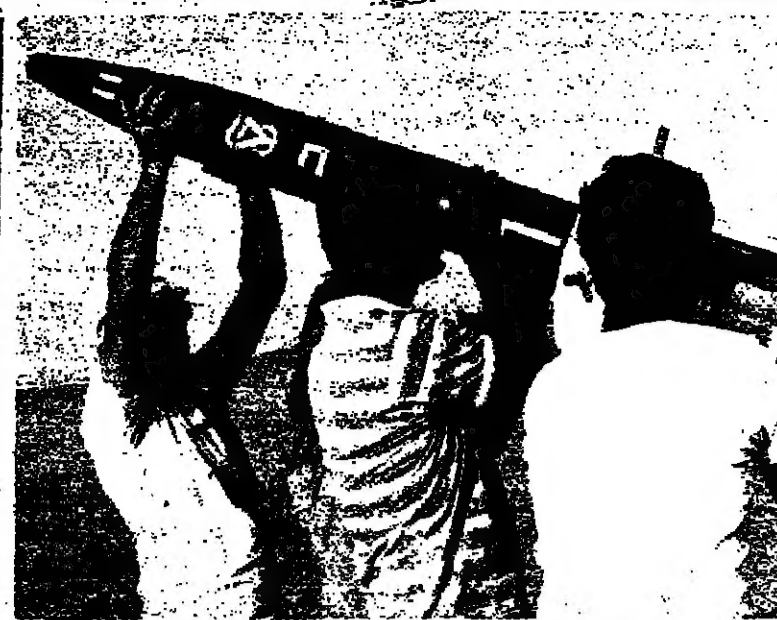
Rabiya drowned when he fell down a shaft leading directly from the first floor of the house in which he had been playing into a well.

The ground floor doors and windows of the house had been blocked but nothing prevented Rabiya from climbing an outside stairway to the upper floors.

The residents maintain that there are dozens of hazardous buildings — many of them with internal wells — in the neighbourhood.

The derelict buildings are a magnet for the children, who use them as "adventure playgrounds."

City council member Avraham Hameiri, who toured the quarter several weeks ago, said he was



Technion aeronautical engineering students last week prepare to blast Israel into the "inner space" age, as they make ready to launch a rocket of their own design and manufacture from a military test site somewhere in Israel. The 2.1-metre long, 16cm-diameter rocket performed exactly to the students' projected computations, the Technion spokesman announced.

## Lod man charged with buying grenades

TEL AVIV. — A Lod man was charged in district court here yesterday with buying eight depth charge grenades from a soldier in the Tel Aviv central bus station.

According to the charge sheet, Hassan Hasuna, 21, bought the grenades from Meir Yitzhaki on July 1 of last year for \$800. The prosecution says Yitzhaki, who serves in the navy, stole the grenades from a ship anchored in Ashdod. Police captured Hasuna in Lod on February 18 with grenades in his possession.

The prosecution also argued that Hasuna conspired with several

others to smuggle heroin from Turkey to Israel and that he received 300 grams of the drug for \$15,000. The heroin was brought here by Reuven Mesilati and delivered to Hasuna by Fawzi Hasuna.

Prosecutor Shalomit Ariel asked that Hasuna be held until the end of his trial, arguing that the defendant had escaped from the police in the past and had not been located for months. But defence attorney Moshe Meiroz asked to delay proceedings to give him time to study the evidence, and Judge David Walach agreed to the postponement.

## Committee to probe work accident death

KIRYAT MALACHI (Itim). — The Labour Ministry has appointed a committee of inquiry to probe an accident in a local factory, in which the firm's maintenance head, Yitzhak Ben-Haim, died.

Ben-Haim reportedly died after being electrocuted while trying to repair a machine.

## Israeli summer camp for West Bank children

BEIT EL (Itim). — A summer camp opened yesterday in the Ashkelon National Park for some 320 children from poor families from West Bank refugee camps and towns.

The children, including some who are handicapped, were chosen by the West Bank and Gaza civil administration, which runs the camp. The camp will last three weeks.

## Tisha Be'Av mourning rites to mark national calamities

By JUDY SIEGEL  
Jerusalem Post Reporter

Tens of thousands of Jews observing mourning rites are expected to flock to the Western Wall in Jerusalem this evening to mark the fast of Tisha Be'Av, which recalls the various national calamities that have befallen the Jewish people through the ages.

The fast begins at 7:25 tonight and ends at 8:05 p.m. tomorrow. The blackest day in the Jewish calendar, Tisha Be'Av marks the anniversary of the razing of the First Temple by Nebuchadnezzar in 586 BCE, the destruction of the Second Temple by Titus in 70CE, the fall of Bar Kochba and the ploughing up of Jerusalem by Hadrian. The decree to expel the Jews from Spain in 1492 also was signed on the ninth of Av.

The fast concludes a three-week period of mourning, whose strictures become even more severe during the

first week of the Hebrew month of Av. Hair is not cut and new clothes are not worn. On Tisha Be'Av itself, cloth or rubber footwear replaces leather shoes.

The security forces have prepared special measures to ensure safety at the Western Wall, the remnant of the Temple Mount. Hundreds of mourners will sit on mats or low benches and read *kinor* (dirges) and the Book of Lamentations. The rite will be repeated in synagogues around the country.

Places of entertainment and most restaurants, as well as banks and the stock exchange, will be closed tomorrow. Many government and private offices will close early or entirely, since Tisha Be'Av is an optional day off.

Special TV and radio programmes in keeping with the theme of mourning will be broadcast tonight and tomorrow.



A metal altar found in the newly excavated Roman temple near Neveh Ativ.

## Roman ruins bared near Mt. Hermon

Jerusalem Post Staff

The ruins of a temple and a village of the Roman period are being excavated on a hilltop near Neveh Ativ on the Mt. Hermon range by a team from Bar-Ilan University, the Education Ministry antiquities department and the Nature Protection Society.

The excavation, which has just completed its second season, is being carried out on Mt. Snaim, which overlooks Neve Ativ on the Golan Heights. The site has turned up numerous ancient ritual objects from the Hellenistic and Roman periods, including several pairs of round, stone slabs.

The slabs — about 70 centimetres in diameter and 1.5 cm. thick — are arranged so that the light of the rising sun falls between them. The archaeologists conclude that they played a part in some rite of ancient sun worship.

Nearby the archaeologists uncovered the ruins of a classic temple from the Roman period. The area of the temple covers some 80 square metres and is located inside a temple compound measuring about 1,200 square metres. Although the temple walls have collapsed, enough architectural indications remain to enable its complete reconstruction.

Among the temple finds are a Greek inscription mentioning two emperors connected with its construction and three stone altars. One of these altars bears the image of Helios, the Greek sun god.

## Anti-cancer drug, machine being developed at Bar-Ilan

By LEA LEVAVI  
Jerusalem Post Reporter

RAMAT GAN. — A drug which may be able to strengthen the body's immunological defences against cancer and a machine which can help in early diagnosis of the disease are now being developed at Bar-Ilan University.

The drug AS101, developed by university rector Professor Michael Albeck, together with Professor Benjamin Swerdni, reportedly increases the body's supply of lymphokines, which help the body fight off cancer cells. "The trouble with many cancer drugs," Albeck explained, "is that they have side effects, sometimes causing cancer themselves, and are indiscriminate in killing both cancerous and healthy cells. AS101 simply helps the body defend itself."

In tests on mice, 95 per cent of those injected with AS101 were reportedly cured of cancer, while 100 per cent of the control group (who had cancer but did not get AS101) died. Injection of AS101 into labora-

tory dogs reportedly produced no side effects. The drug has not yet been tried on human patients because approval has not been received from the Helsinki Committee and the Ministry of Health. Albeck hopes to convince them, as well as the U.S. Food and Drug Administration, that AS101 is not really a drug at all but simply reinforces the body's own immunological system.

Another cancer research project in advanced stages at Bar-Ilan is a machine which can analyze blood samples and provide information about whether the patient has cancer, and if so, where. Its inventors believe they can market such machines at \$100,000 each, and point out that any laboratory technician could easily learn to use the equipment.

American pharmaceutical companies are supporting this and other research at Bar-Ilan but members of the public who have heard rumours of impending breakthroughs at Bar-Ilan and have come seeking treatment have all so far been turned away.

## Arsonists cause 60% of forest fires

Jerusalem Post Staff

Each year there are some 600 forest fires throughout the country, about 60 per cent of which are caused by arson, the Jewish National Fund announced yesterday. Apart from the ecological damage, the direct damage caused by these fires is estimated at about \$3 million.

The JNF notes two causes for forest fires: carelessness on the part of excursionists or farmers and arson by what it terms "hostile nationalist elements" opposed to the JNF afforestation efforts. An additional hostile element cited by the spokes-

man is villagers seeking firewood and charcoal.

Forty-two of the 67 forest fires which occurred in the coastal region from April through June were caused by arson, the spokesman said. Last month alone, 26 fires in the area were caused by arson. Arson is also the probable cause of 60 per cent of forest fires in central Galilee.

The environmental and aesthetic damage caused by forest fires is incalculable, the spokesman said. But after replanting, it takes at least 30 years for a burned out forest to regain its former glory.

## Police medic suspected of sex-for-drugs deal

A police medic who serves in the Tel Aviv district lock-up in Abu Kabir is suspected of engaging in sexual relations with prostitutes held in the lock-up in return for giving them drugs.

In a hearing in Jerusalem Magistrates Court to extend the remand of Charlie Porat, 46, Sergeant Major Batya Adika of the internal investigations division said a prostitute has testified that she had sexual

relations with the suspect in the lock-up in exchange for treatment with drugs. Porat is suspected of additional offences with other female prisoners.

Porat argued that the suspicions are groundless, since a policewoman accompanies every sick prisoner brought to him for treatment.

Porat's remand was extended for seven days.

## TV crew unions agree to combine efforts

Jerusalem Post Reporter

Television crew members and other TV and motion picture workers agreed on Friday to affiliate their separate unions in the Israel Federation of Television and Motion Picture Guilds.

The respective chairmen of the two unions, Alex Ben-Dor and Benny Barzel, had earlier resolved to

create a stronger body to protect the interests of the approximately 1,000 people working on camera crews and as sound technicians, editors, make-up artists, scriptwriters, directors and producers.

## Industrial park creche being built in capital

Jerusalem Post Reporter

Construction has begun of a day-creche for working mothers at Har Habotzvim, Jerusalem's science-based industrial park on the Ramot road.

Approximately 1,000 persons are now employed at Harhabotzvim, with 1,500 more employees expected with the completion of the Intel Corporation building now under construction.

The day creche, to be operated by the Histadrut affiliated Na'amat women's organization, will begin with three separate pre-kindergarten groups, each with its own courtyard and play facilities. The \$112 million cost of the creche is being borne by the Jerusalem Foundation, the Jerusalem Municipality and the Science-Based Industries Park Company. The latter is a jointly owned subsidiary of the Hebrew University and the Jerusalem Economic Corporation.

## Correction

The trial of Soviet Jew Alexander Yakir will take place on August 9, and not as reported yesterday in *The Jerusalem Post*.

## American Indians arrive to study irrigation techniques

By LIORA MORIEL  
Jerusalem Post Reporter

BERSHEBA. — Six American Indians from South Dakota, five of them students and the sixth an agricultural expert, arrived in Israel on Thursday night to study Israeli drip irrigation methods. They will stay at two kibbutzim, Hatzertim in the Negev and Yiftah in the Galilee, both of which manufacture drip irrigation equipment.

The coordinator of the project, Gideon Elad from Hatzertim, said the study tour is being funded by the U.S. Reform Movement (to which Elad was the United Kibbutz Movement's representative in 1977-1979), ABC Television and South Dakota businessman Stanford Adelstein, who conceived the idea. Accompanying the group is Adelstein's son Jim, a communications graduate who wanted to document the project but could not find sufficient funding.

"The two kibbutzim will teach them how to use drip irrigation techniques with the aim of improving agriculture in arid zones," Elad said. The six are scheduled to work and study for three weeks and tour the country for another.

Three of the students at Hatzertim

are Wade Vitalis, 25, Jerry McLaughlin, 24, and Irving Pond, Jr., 26.

Vitalis, of the Oglala Lakota tribe, told *The Jerusalem Post*: "There are similarities between the Jewish people and the Indian people in the U.S. The Jewish people started with nothing and developed their land, and our aim is to educate our people to be self-supporting."

Torn between the wish to develop and be financially independent and the wish to preserve the environment, the Oglala Lakotas are caught in the debate that has gripped much of America. For them, however, it is not an intellectual exercise but a matter of survival.

"The most important thing now is to keep the land we have and to be more self-sufficient in our lives," Vitalis said. He added that while those who received an education in the 1950s and 1960s had to leave the reservation in search of job opportunities, today there is a tendency to remain on the reservation rather than "assimilate to white ways."

McLaughlin said that in the past, the American Indians were under great pressure to give up their traditional ways, and missionaries were

hard at work to convert them to Christianity.

"In the late 1800s, our religion was outlawed so people had to practise it underground, secretly, until the 1930s, when another law allowed us to practise our religion openly again," McLaughlin said. "In the past 10-15 years, a lot of young people have been moving back to our old religion."

Vitalis added that the trend today is "to be able to go about in the white world and make a living and still hold the traditional language, beliefs and religion."

Jim Adelstein who lives in Rapid City which is close to the Oglala Lakota reservation, agreed that the

similarities between the American Indians and the Jews in the Diaspora are many and obvious, from ghettos to genocide. Like his father, he is optimistic that the month-long study tour will help the American Indians to achieve economic independence without a loss of traditional values.

The American Reform Movement has been active for many years in fostering relations between American Jews and other minorities. ABC helped the project from its discretionary fund, Adelstein said, to "thank members of the Indian community for help they gave in the production of the five-part mini-drama *The Mystic Warrior*."

## Likudniks convicted of breaking election law

BEERSHEBA (Itim). — Three Ashdod residents were convicted yesterday and fined \$56,000 each by the magistrates court here for offences against the Election Law.

The Tel Aviv Magistrates Court ordered the man held for 24 hours until the police decide whether to ask for an extension of remand.

The police did not explain how they thought the suspect was connected to the disappearance. But they believe that he obstructed their investigation by lying about his whereabouts at the time.

Ami Oz, 30, was convicted of broadcasting music and slogans from loudspeakers mounted on his car, which was covered with Likud stickers. Ben-Zion Mardook, 34, and Baruch Biton, 24, were convicted of similar charges.

The law forbids the use of vehicles in party elections propaganda.

## Police arrest man linked to disappearance

TEL AVIV (Itim). — Police yesterday arrested a Bat Yam man in connection with the disappearance of Orly Biton, a Bat Yam resident police believe was murdered two years ago.

## HU science camp opens

Some 540 junior high school and high school pupils from around the country are participating in the Hebrew University's summer camp for science-minded youths.

The camp opened today, and the number was a record for its 15 years of existence. (Itim)

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## HEAR O ISRAEL

by Paul Gratton Guinness

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## Syrian mediation sought to end Iran-Iraq Gulf war

DAMASCUS (AP) — Kuwaiti Foreign Minister Sheikh Sabah Ahmad arrived unexpectedly in Damascus yesterday to seek Syria's mediation in the Iran-Iraq war, official sources said.

Ahmad, who arrived at dawn from a visit to Libya, met with President Hafez Assad and handed him a letter from Kuwaiti ruler Prince Jabar Ahmad Sabah.

Contents of the letter were not disclosed, but Ahmad told reporters

that his tour was to seek the help of Syria and Libya to end the more than three-year-old Gulf war, as well as to discuss bilateral relations.

Al-Ahmad's visit here coincided with that of Iran's Minister for Revolutionary Guards, Haj Mohsen Rafik Dost, who met yesterday with Lt. Gen. Mustafa Tlass, the Syrian Defence Minister and Deputy Premier.

Dost then conferred with Assad, following the Syrian president's

meeting with Ahmad. No details of either meeting were disclosed.

The Iranian minister told the official Syrian news agency Sana that Iran would not attack tankers in the Persian Gulf and would not widen the war there. He also said that Iran has no ambitions in any Arab country.

Syria and Libya are the only Arab countries supporting Iran.

In Cairo, a top aide to Egyptian President Hosni Mubarak said

yesterday that Egypt plans on expanding efforts to solve the Iran-Iraq war, to include a "large number of nations," the official Middle East news agency reported.

Commenting on Egypt's initiative, launched earlier this year through the Non-Aligned Bloc, Osama al-Baz said that consultations were continuing with India and Yugoslavia on the matter, and that an assessment of reactions to the peace proposals had taken place.

## Rocket launch boosts Europe in commercial space race

KOUROU, French Guiana (AP) — Europe confirmed its role as a major player in the commercial space race on Saturday, launching two communications satellites with the new, more powerful Ariane III rocket and laying down a direct challenge to the U.S. space shuttle.

The two telecommunications satellites were placed in what European Space Agency officials called a "perfect orbit" about 36,000km. above the earth.

Ariane, a conventional three-stage rocket developed by a French-led, 11-nation West European consortium, is technically less advanced than the shuttle.

The shuttle is reusable and can carry men and equipment into space. The "throwaway" Ariane model is unmanned. But ESA officials maintain Ariane is the most advanced conventional satellite launcher in history and that conventional rockets can effectively compete with the shuttle in both cost and reliability.

They say the old U.S. launchers were little more than refitted military weapons, while Ariane specifically was designed to place satellites in high-altitude geostationary orbit. The shuttle's effectiveness, they claim, is limited to the lower atmosphere.

At stake is billions of dollars in

potential revenue from the estimated 300 satellites that will be launched commercially by non-Communist countries during the next decade. ESA officials say they hope to get at least a third of the market.

Arianespace, ESA's quasi-governmental commercial arm, has orders for 28 launches through 1987, and has 19 option agreements. France, the major contributor to ESA, also controls most of Arianespace — largely through government-owned holding companies.

In the past, officials of ESA and the U.S. National Aeronautics and Space Administration have said there currently are more customers than available launch dates and that there should be room for both Ariane and the shuttle.

Saturday's launch was the 10th in the Ariane series, which began in December, 1979. Seven of the previous launches were successful, but the latest was the first featuring the more powerful Ariane III, which can carry a 2.3-ton payload, its predecessor was limited to 1.8 tons and the increased capacity is expected to follow a general trend toward heavier satellites. Two boosters with a total thrust of 140 tons were added to the latest model.

## Bomb damages court building in Antwerp

ANTWERP (AP) — A bomb exploded in the main law courts building here early yesterday, causing damage to two floors and part of the roof but no injuries, Belgian police said.

Two minutes before the bomb went off at about 4.30 a.m., the Red Cross in Brussels, 40 kilometres south of here, received an anonymous call from a woman who warned

that the explosive was about to go off in Antwerp, a police spokesman said.

A Red Cross official said the woman spoke French with a Spanish accent. No organization immediately claimed responsibility for the explosion. Police said they were investigating a possible link with the Basque separatist movement, ETA.

## Lutheran world assembly ends in Budapest

BUDAPEST (Reuters) — The Lutheran World Federation ended a two-week action programme on racism, human rights, Christian life in different social systems and responsibility for peace.

The LWF, which represents 54 million of the world's estimated 69 million Lutherans, was meeting for the first time in a Communist country.

The action programme and the fact that the assembly came to Eastern Europe show the federation is a global community with a voice on all issues. LWF general secretary Car Mau told the 330 delegates and their advisers.

Earlier last week the assembly elected as president Zoltan Kaloty, presiding bishop of the Hungarian Lutherans.

## Turkish town under pre-election curfew

ANKARA (AP) — The martial law command in eastern Turkey on Saturday slapped a curfew on Agri, a city near the Soviet border, from 9 p.m. to 6.30 a.m. in preparation for a local election scheduled to be held next Sunday, the independent Hurriyet News Agency reported.

Local elections were held throughout Turkey on March 25, but the mayoral election is being repeated in the eastern city because two candidates received an equal number of votes.

SUMMER VISITS. — The Judea and Samaria Civil Administration has eased regulations for the hundreds of summer visitors coming from the Arab countries via the Jordan bridges. Permits have been issued for three months instead of 30 days, crossing points have been opened earlier in the morning.

## Tamil rebels slay Sri Lanka official, wound 5 soldiers

COLOMBO, Sri Lanka (AP) — An assistant superintendent of police was killed and five soldiers seriously wounded when a group of separatist Tamil rebels hurled a bomb at the army vehicle they were travelling in on Saturday morning, police reported yesterday.

The incident occurred in Ududipdy, a village about 30km. from Jaffna.

No arrests have been made, but police said over 100 youths in the area had been questioned.

At Karainagar on Saturday, two naval personnel were killed in a shootout with the northern rebels in the surveillance zone. Four of the Tamils were killed, according to reports.

## Hiroshima 39 years later

TOKYO (AP) — Thirty-nine years ago today, at 8.15 a.m. in Hiroshima, the nuclear age began.

The heat, blast and radiation of the first atomic bomb killed 118,000 people on August 6, 1945. Sixty thousand more people died of the bomb's effects during the next five years, and survivors were left to wonder about their health and the health of their children.

A rebuilt Hiroshima has become one of Japan's most vital cities, home to the Mazda Motor Corp. and a major league baseball team, the Hiroshima Carp.

Today Hiroshima will recall its symbolic and historic significance in ceremonies at the Peace Park at the blast's epicentre, marked by the stark skeleton of a building known as the A-Bomb Dome.

After the mayor addresses an ear-

ly morning crowd, doves will be released, and anti-nuclear groups will rally. If the weather is as fine as it was when the American B-29 Enola Gay searched out its target in the final days of World War II — the A-bomb survivors, called "Hibakusha" — will be called upon to recall their experiences of 39 years ago.

Currently, 300,000 Hibakusha live in Japan — their average age is in the mid-60s. According to the U.S.-Japan Radiation Effects Research Foundation, they have been more affected than the average population by certain cancers and other diseases.

The names of about 3,700 Hibakusha who died during the past year will be added to the known victims list in the Peace Park under a stone cenotaph that reads: "Rest in peace. The mistake shall not be repeated."

## Lost D.H. Lawrence novel to be published in September

LONDON (AP) — A long-lost novel by D.H. Lawrence, autobiographical enough to throw new light on the great English author's tempestuous love affairs, is to be published for the first time next month.

Mr. Noon will be published September 13 by Cambridge University Press, more than 60 years after Lawrence wrote it.

It is not known why the book was never published, but scholars surmise that it was too autobiographical and sexually explicit for its time.

Originally, Mr. Noon was a long short story describing Lawrence's youth and amorous scrapes that led him into conflict with the middle-class morality of his time. But Lawrence's American publisher, Thomas Seltzer, thought it was too short and feared its sexual content would "arouse a storm of protest."

Lawrence set about expanding his story, completed it at the end of 1921 and sent it to Seltzer. He then left England for Europe. In 1925 Seltzer

went bankrupt and gave the manuscript to his nephew, also a publisher.

In 1936, six years after Lawrence died, the manuscript was sold privately and was not seen again until 1972 when it went on auction and was acquired by the Humanities Research Centre at the University of Texas in Austin.

The novella has appeared in anthologies of Lawrence's short fiction, but the extended version has never been published.

One section of the novel is a "direct and very vivid description" of Lawrence's elopement with Frieda von Richthofen-Weikley, said Michael Black, a Cambridge University Press executive involved in publication of the book.

The novels ends abruptly and inconclusively, Black said, but the theme is quintessential Lawrence and strongly stated — rebellion against sexual convention and the quest for an entirely free relationship with a woman of vitality.

## Mubarak's Yugoslav visit to focus on Gulf

BELGRADE (AP) — President Hosni Mubarak of Egypt is due today on a brief visit to Yugoslavia. Discussions will focus on the Iraq-Iran war and other international issues, the Yugoslav news agency Tanjug reported yesterday.

Mubarak plans to vacation on the northern Adriatic island of Brioni. He is also expected to see Veselin Djuranovic, current chairman of Yugoslavia's collective presidency, the report added. It did not say how long he will stay in the country.

## Iranian cabinet given heavy confidence vote

NICOSIA (AP) — Iranian Prime Minister Hussein Musavi's cabinet won the confidence of the Majlis (Islamic parliament) yesterday by a 163-21 vote with 25 abstentions, the official Iranian news agency Irna reported.

Musavi had asked for a vote of

confidence a month ago on the basis of the past performance of his 33-month-old cabinet in accordance with a constitutional requirement in the wake of the recent general elections.

Musavi told the parliament before the ballot that since taking office in November 1981, his cabinet has successfully confronted internal political tension, terrorist campaigns of Iranian dissidents, economic crises stemming from decreased crude oil sales and large arms purchases, and the war with Iraq.

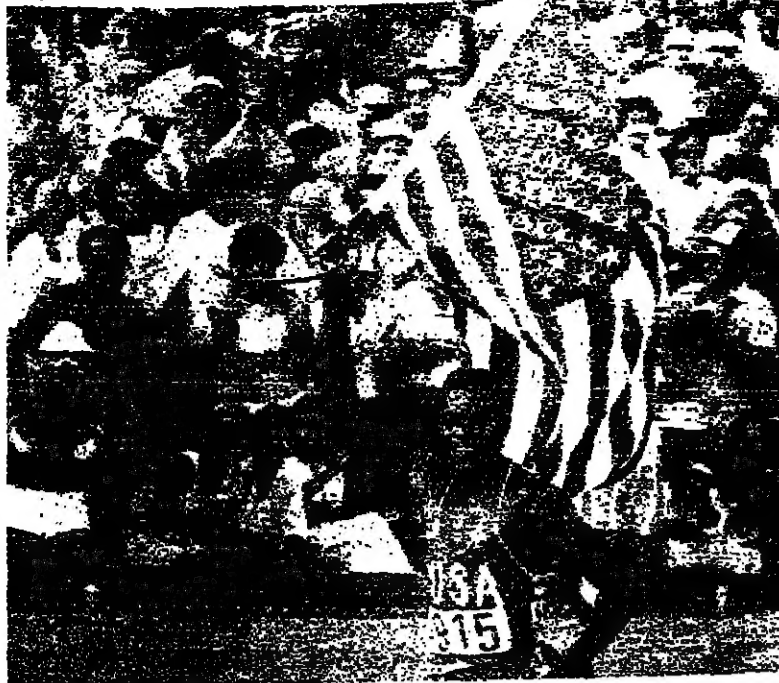
DESERT. — Three English youngsters joined 15 gifted Israeli boys and girls in a two-week summer camp programme to study desert ecology, which ended yesterday. Sponsored by Ben-Gurion University, the programme was conducted in English.

## 50 believed killed in Bangladesh plane crash

DACCA (AP) — Some 50 people were feared killed yesterday when a Bangladesh airliner arriving from the port city of Chittagong crashed while landing in heavy rain at Dacca airport, officials reported.

Initial reports said the plane, a Fokker F-27 of Bangladesh's national Biman airline, crashed into a pool of water about 500 yards from the runway.

## Carl the magnificent



Carl Lewis waves the Stars and Stripes as he takes a victory lap after winning the 100-metre dash. (UPI telephoto)

## Post Sports Staff and Agencies

LOS ANGELES — Carl Lewis of the U.S. blasted his way to the first of the four Olympic gold medals at which he is aiming, when he won the 100m. here in 9.93 seconds, 0.6 seconds outside the world record.

He proved his right to the title of "the fastest human on Earth" as a stadium, packed with 90,000 spectators, fell completely silent for the race. At first he ran level with teammate Sam Graddy and Canadian Ben Johnson, then accelerated to display his awesome power in the last 50 metres. Graddy came second in 10.19 and Johnson third in 10.22. Lewis running the last stretch was one of the most memorable sights ever seen in sport, so great was his speed and so beautiful his action.

When the race ended, Lewis took a huge American flag from a spectator and ran a victory lap, to the delight of the ecstatic crowd.

On another part of the stadium, things did not go well with another of the great American crowd-pleasers and most sporting of athletes, Willie Bank, the one-time unbeatable triple jumper. Nothing went right for him: his action and timing were all wrong, and two of his jumps were fouls. A lawyer, he is now contemplating running for political office, a decision that apparently has affected his running.

Despite Bank finishing only sixth, the Americans got the gold and silver medals for the event. Al Joyner winning with a jump of 17.26m. and Mike Cutler coming second with 17.18. Keith Connor (G.B.) was third with 16.87.

At nearly the same time that Al Joyner was winning his gold medal, his sister, Jackie, was barely missing winning one of her own. She had to settle for silver.

Al was the surprise winner in the triple jump, while Jackie captured the silver in the Heptathlon — losing by just five points after leading when she started the final event, the 800m.

For Jackie, the loss of the gold was heartbreaking. She finished second to Australia's Glynis Nunn in the 800 metres, the last of the seven heptathlon events that also include the javelin, 200 metres and 100 metres hurdles races, the shotput, and the long and high jumps. If she had run the last race only a fraction of a second faster, she would have won the gold, which went to Nunn.

Olympics officials said they believed it was the first time a brother and sister had won medals on the same day, and that it was the first time ever that an American brother and sister had won Olympic medals.

Evlyn Ashford (U.S.) came within 0.05 seconds of the eight-year-old Olympic 100 metre record, whipping through her heat in 11.06 seconds.

Sebastian Coe, who has been bounded by health problems, breezed into the semi-finals of the men's 800 metres, but he says he already has struck Olympic glory.

Swimming concluded on Saturday after the Americans had won 21 gold medals in 29 races and world records had fallen in 11 events.

One of Saturday's two world records belonged to Canadian Alex Baumann, his second of the Games. In the 200-metre individual medley, which required him to swim butterfly, back-stroke, breast-stroke and free style, Baumann finished in 2 minutes 1.42 seconds, breaking his own world record of 2:02.25.

"Medals are more important than records, but, with the Soviet bloc not here, the world records mean that there is no disputing I'm the best in the world," he said.

Pablo Morales of the U.S. won his second silver medal of the games with a time of 2:03.05. Neil Cochran of Great Britain won the third bronze 2:04.58.

An American men's quartet broke the world record in the 4x100 medley relay, its 3:39.30, cracking the old record of 3:40.42. Rick Carey led in

the back-stroke in a time way ahead of the previous record, Steve Lindquist increased the gap in the breast-stroke. Pablo Morales held the group ahead of the record in the butterfly, and Rowdy Gaines produced a storming free style finish. Canada was second, Australia third and Germany fourth.

Mary Meagher (U.S.) won her third gold medal and set an Olympic record in the women's 200 metre butterfly on Saturday with a time of two minutes, 6.90 seconds.

Meagher, who also won the 100-metre butterfly and a leg on the winning U.S. 400 medley relay, shattered the Olympic record by 3.54 seconds.

Nancy Hogshead (U.S.), seeking to become only the second American woman in history to win five medals in a single Olympics, finished in fourth place, only .077 seconds behind Betermann. Hogshead previously had won three golds and a silver medal.

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## Judges judged

LOS ANGELES (AP) — A referee-judge from Panama has been dismissed and referee-judges have been restricted to judging bouts at the Olympic Games. Col. Don Hull, President of the International Amateur Boxing Association, has announced.

Hull said that officials are routinely graded at international tournaments and dismissed or restricted in their duties based on their competency.

An official from Canada and another from Venezuela were "given a day off" because of minor infractions, Hull said. He declined to reveal the names.

## BALL SPORTS

HOCKEY. — Australia beat India 4-2 and are through to the semi. West Germany blanked Malaysia 5-0 and Spain topped the U.S. 3-1. BASKETBALL. — U.S. 161, Spain 68. West Germany 78, Brazil 75. U.S. play West Germany in quarters.

VOLLEYBALL. — Japan 3, Egypt 6. Canada 3, China 6. South Korea 3, Brazil 1. HANDBALL. — Germany 18, Sweden 17. Yugoslavia 25, Algeria 10. Iceland 21, Japan 77. BASEBALL (Democratization). — U.S. 12, Dominican Republic 9. China 10, Italy 9. U.S. and China Taipei move to semi.

ROWING. — DOUBLE SCULLS: Bradley Lewis and Paul Eganist (U.S.) gold; Belgium, silver; Yugoslavia, bronze. FOUR OARS WITH COX: G.B., gold; U.S., silver; N.Z., bronze.

SINGLE SCULLS: Perri Karppinen (Finland) gold, his third straight gold medal; Peter Michael Kolbe (FDR) silver; Robert Mills (Canada) bronze.

PAIR-OARS WITHOUT COX: Petra Inosch and Valer Toman (Romania) gold; Spain, silver; Norway, bronze.

## SHOOTING

SKETCH SHOOTING: Matthew Dryke (U.S.) equaled the Olympic record of 198 out of 200, and won the gold. Ole River Rasmussen (Denmark) won the silver and Lena Schmitt (Italy) the bronze, as the result of a shoot-out, after they tied on 196.

## Benoit takes women's marathon

LOS ANGELES (AP) — American Joan Benoit took the lead early and maintained it the rest of the way with relentless determination in winning the first women's Olympic marathon yesterday.

Norway's Grete Waitz was second. Portugal's Rosa Mota, a 1982 European champion, was third.

It was a precision-like performance by the 27-year-old Benoit, who was timed unofficially in two hours, 24 minutes, 52 seconds.

## Half-way in the Games

LOS ANGELES (AP) — When competition ended on Saturday, half-way through the Games' 14 days, the United States was well ahead in the unofficial medal count, with 38 golds and 75 medals overall.

Next was West Germany with 26, including six gold.

China, making a very impressive debut in the latter-day summer Games, had 12 gold and 23 overall, and Rumania, which gained five golds Saturday in women's rowing, moved up from sixth to fourth with 20 medals, including nine gold.

Japan had six golds after two wins on Saturday in gymnastics and one in judo.

Meanwhile, medical officials for the International Olympic Committee have recommended that a Lebanese weightlifter be banned from the 1984 Olympics for alleged steroid use, the first test of the Games' much vaunted drug detection system.

The recommendation by the IOC's medical commission, which is expected to be backed by the IOC, will have little direct effect on the weightlifter, Mahmoud Tarha, because he has completed his competition in the 114-pound (250.8 kg.) class and did not win any medals.

The International Weightlifting Federation, however, could take further action against him.

In a brief statement, the IOC announced that unanalysis "showed that the competitor had taken an anabolic steroid, nandrolone." Steroids are drugs that quickly build muscle.

## Israeli boxer's brave fight

By TOM TUGEND Jerusalem Post Reporter

LOS ANGELES — Yehuda Ben-Haim, the 18-year-old soldier boxing in the light-flyweight division in the Olympics, put up a brave fight against the British Commonwealth silver medalist, John Lyon, 25, of England. Although blood was streaming from his nose, Ben-Haim refused to throw in the towel, eventually losing on points. The judges' decision against him was unanimous.

Eddy Koaz, the 25-year-old sabra teacher, got through two rounds in the 60kg. judo competition, but was beaten in the third round by Neil Eckerley, of England.

Nancy Goldsmith finished 31 out of 36 among the gymnasts, a swimmer Yoram Kouchavi 27 out of 45 participants in the 200m. medley, two seconds off his best time.

On the track, Mark Handelsman was 6th in his 400m. heat in 48.17, well below his own best time. He admitted: "I'm disappointed. I let down my family who came all the way from South Africa to see me run."

Maya Ben-Tsur, the long jumper, ran the 100m. in 12.3, finishing sixth in her heat. She was not depressed by the result, as she explained that she only participated in the race to get acclimated to the crowds and the conditions for her real event, the long jump.

Amos Mansdorf is scheduled to play his first match in the exhibition tennis against Carlos Delyre of Peru. If he wins, he is likely to encounter the young Swedish serve-and-volley star, Stefan Edberg, in the next round.

American Jewish gymnast Mitch Gaylord won one silver and two bronze medals in the apparatus finals.

Israel's yachtsmen had a rest day yesterday, before their fifth out of seven races today.

Generous public

LOS ANGELES (Reuters) — A) African weightlifter was given the go ahead to compete in the Olympics after Americans clubbed together to pay off a \$300 debt and buy him some clothes and shoes.

Paul Hoffman from Swaziland arrived to find that he might be barred from entering because his country had not paid its subscription to the International Weightlifting Federation for the past two years.

When his story hit the local papers, dozens of people offered to help," said Olympic weightlifting aide Susan Lomelino. "He arrived with nothing so we're paying off the overdue fees and buying him a uniform, belt and shoes."

Hoffman, a 28-year-old stock clerk who learned weightlifting from books, will now make his first international appearance in the 75kg class.

China impress

LONG BEACH (Reuters) — China scored another Olympic first. Luai broke Europe's stranglehold on fencing and carried off the women's individual foil title.



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WEEKLY REVIEW

## Vital Signs

## The Economy Cheers Reagan And Challenges The Democrats

By LEONARD SILK

**T**HE performance of the economy and how it affects the lives of Americans, rich, poor and middle-class, is shaping up as a major issue at this month's Republican National Convention in Dallas, as it was at last month's Democratic National Convention in San Francisco.

In overall terms, everything, or almost everything, has been coming up roses for President Reagan this year. Growth has been soaring, with gross national product climbing at a real annual rate of 10.1 percent in the first quarter and 7.5 percent in the second. Inflation, measured by rising consumer prices, is below 4 percent, compared with 12.4 percent in 1980. Unemployment, which had reached a peak of nearly 12 percent at the end of the 1981-82 recession, fell to 7 percent in June. And while last week's report on July showed the jobless rate for civilian and military workers bouncing up to 7.4 percent and total employment dropping by 53,000 jobs, these figures also could be read to suggest a healthy cooling down of a hot rate of growth. The stock market, driven by expectations about interest rates, had already taken off like a missile; it boosted itself to 1202.09, up 87.24 points for the week.

Even with the last month's jump in unemployment, the so-called misery index — the sum of the unemployment and inflation rates — has fallen to its lowest level since 1972. And real disposable income, the money consumers have after taxes and after inflation, has been rising faster than in any election year since 1964. Since the course of the two indicators have been the best predictors of election outcomes for incumbents, Mr. Reagan could have some reason to regard himself as a shoe-in.

## Blaming Poverty on the Republicans

But the Democrats are far from conceding the economic issue. For one thing, they charge that the fruits of the recovery and indeed of Mr. Reagan's entire term have been to make the rich richer and the poor poorer. Last week, the Census Bureau released data showing that the number of Americans living in poverty climbed by nearly 900,000 during last year's recovery, to break the 35 million mark. The national poverty rate, as defined by no more than an annual income of \$10,178 for a family of four, has grown to 13.2 percent of the population, from 11.7 percent in 1979. The Speaker of the House, Thomas P. O'Neill Jr., a Massachusetts Democrat, called the new numbers "the smoking gun of Reagan unfairness." A White House spokesman countered that the slight rise in the number of poor people from 1982's 15 percent was statistically insignificant; indeed, he blamed the entire rise through 1982 on the Democrats' economic policies, which, he said, had put the economy into a four-year stall that Mr. Reagan had at last overcome.

Disentangling the arguments about who is really responsible for the increase in the number of the poor and who has gained or lost from Mr. Reagan's tax and budget policies is sure to be a continuing struggle. A forthcoming study, "The Reagan Record," edited by John L. Palmer and Isabel V. Sawhill for the Urban Institute, concludes that some widening of income gaps would have taken place no matter who had been President, but that "the particular policy mix of tax and benefit reductions that President Reagan chose exacerbated the trend." The Institute, generally regarded as unbiased and professional, presents data showing that the lowest fifth of the population suffered a drop in its share of national income to 6.1 percent in 1984 from 6.8 percent in 1980; the top fifth of income earners increased its share to 38.9 percent from 37 percent.

The Democrats will also be pressing their attack on Mr. Reagan's budget deficits, warning that unless taxes are raised not only the deficits but interest rates will rise and choke off economic growth. The Democratic standard-bearer, Walter F. Mondale, has already said he would raise taxes and has accused Mr. Reagan of having a secret plan to do so. Mr. Reagan has hedged. Yesterday, he went on the offensive, saying Mr. Mondale's increases would average \$1,500 per household and that he himself "would veto any tax bill that would raise personal income taxes for working Americans or that would fail to make our tax system simpler or more fair."

## Pushing the Deficit on the Democrats

Some Republican conservatives and supply-siders such as Representative Jack Kemp of Buffalo, strongly favor an out-and-out commitment by the President not to raise taxes, which could produce a fight in Dallas between the no-tax-cut crowd and the economic moderates, including the President's chief of staff, James Baker 3rd and his budget director, David A. Stockman. President Reagan is trying to head off the issue, and put the deficit monkey on the Democrats' back, by demanding that Congress move on a constitutional amendment mandating a balanced budget.

Mr. Reagan continues to argue that his policy of pushing hard for economic growth will raise national income and taxes enough to wipe out much or all of the deficit. Nonpartisan analysts still see deficits rising in the years ahead, even on reasonable assumptions of economic growth, unless decisive action is taken to reduce spending or increase taxes or both.

Alan Greenspan, who was chairman of the Council of Economic Advisers under President Ford and headed the panel that devised the compromise Social Security package, last week called for a "negotiating committee" of public and private leaders on the deficit. But such talks appear impossible until Election Day. Meanwhile, the deficits and the fears of inflation and climbing interest rates they provoke will continue to haunt Wall Street.

Those fears ebbed last week, as Federal Reserve chairman Paul A. Volcker told Congress he saw "an almost unbroken string of favorable news," and no need for tightening monetary policy. The markets were also buoyed by the "good news" that the index of leading economic indicators dropped 0.9 percent in June, suggesting a slowdown. The White House said the figures "should reduce the pressure on interest rates." With the good news getting worse and the bad news getting better, the market erupted.

## China finds markets in East bloc

3



## Major News

## In Summary

## Enduring The Gaffes Of August

Though what happens in August is often forgotten by November, Walter F. Mondale last week once again put into jeopardy his effort to portray himself as a strong and decisive leader. Again, the damage came via Bert Lance, whom the former Vice President only a month ago made general chairman of his campaign.

The appointment was intended to conciliate Southern party leaders fearful that without a Southerner on the ticket the Democrats would not do well in a region that once automatically went to them. But even there, Mr. Lance, the Carter Administration budget director who had left Washington to defend himself against bank fraud charges (of which he was subsequently acquitted), proved more a source of controversy than conciliation.

The fact that the association, never a close working one, was near an end became clear when Mr. Lance was conspicuously absent from last week's kick-off campaign swing through the South. His resignation followed.

considering doing, but would continue to press his fight to "expand" the Democratic Party through supporting black and "progressive" candidates.

Another issue was aired in New York last week as Governor Cuomo said he would raise regularly and directly an issue he thinks some politicians and clergymen distort — the role of religion in politics.

A proper debate, the Democrat said, would loosen President Reagan's grip as self-proclaimed guardian of national morality. Mr. Cuomo, who is a Roman Catholic, also said that he and Archbishop John J. O'Connor differed on politics and abortion.

Archbishop O'Connor has said that he didn't "see how a Catholic in good conscience could vote for a candidate who explicitly supports abortion." On Friday, the Archbishop said Mr. Cuomo had misrepresented the implications of his remarks by suggesting that they might intimidate.

The Republicans meanwhile were suffering internal embarrassment. For the second time in a year and a half, Anne McGill Burford, the former administrator of the Environmental Protection Agency, left the Administration. The announcement followed by less than 24 hours a non-binding House vote opposing her appointment to an environmental advisory commission. The Senate earlier approved a similar statement of sentiment.

## Vienna May Have to Wait

Prospects faded again last week for talks with the Russians about space weapons. Soviet Foreign Minister Andrei A. Gromyko accused the Reagan Administration of "looking for proposals that would be rejected." Said Robert C. McFarlane, the White House national security adviser: "It appears that the Sovi-



Bert Lance

ets were not serious about their proposal" for a meeting Sept. 18 in Vienna.

Both sides angled for positions that could influence the American elections. Moscow was trying to get commitments in advance that the negotiations would lead to a ban on antisatellite programs. Washington objected — particularly to any obstacle to testing a new antisatellite weapon this fall — and sought to avoid language that could block development of space-based antimissile weapons.

Under Soviet criticism, the Americans added a specific reference to space weapons to their agenda, but did not agree that the talks should be about preventing the militarization of space. The United States also insisted on the right to talk about offensive nuclear weapons, despite Soviet objections, since new American missiles arrived in Europe last winter.

On other East-West issues: • The State Department announced a "technical" accord to facilitate travel be-

tween the United States and Soviet Union for diplomats and exchange scholars.

• Four Soviet soldiers who deserted in Afghanistan said in New York that harsh conditions, drug use and indiscriminate killing of civilians were sapping the morale of some of their former comrades.

• The United States rewarded Poland's amnesty for 682 political prisoners by withdrawing additional sanctions imposed when martial law was declared in 1981. Washington will lift the ban on cultural and scientific exchanges and restore landing rights for LOT, the Polish airline. But it maintained its pressure on Warsaw by continuing to oppose Polish membership in the International Monetary Fund and by withholding agricultural credits and "most-favored-nation" trade concessions. (Polish pluralists look ahead, page 4.)

## Hong Kong's Future Clearer

In one of the most complicated eviction proceedings in the annals of real estate, Britain agreed last week to terms for turning the keys to Hong Kong over to China when its 99-year lease on the 399-square-mile colony runs out in 1997.

Foreign Secretary Geoffrey Howe said that, assuming the ironing out of a few details and ratification by Parliament, the agreement will "provide for the preservation of all the rights and freedoms which the people of Hong Kong now enjoy" until 2047.

The accord is to preserve the legal system, the colony's currency, and the property, trading and travel rights of its 5.5 million residents. A joint liaison committee will oversee the agreement until 2000, three years after China takes over responsibility for defense. Residents would be given time to consider the accord, Sir Geoffrey said.

Negotiations had dragged on for two years and Peking's patience seemed to be wearing thin. Remarks by China's top leader, Deng Xiaoping, gave Hong Kong's once-booming stock market the shakes. The prospect of Peking rule led many wealthy professionals to emigrate. But after last week's agreement, prices on the Hong Kong exchange soared.



# The Nation

## Hardened Positions On the MX

Until last week, Congressional conferees had resolved most of the differences between the House and Senate defense authorization bills. Then they came to that intercontinental ballistic hot potato, the MX missile. Unable to settle a dispute over the degree to which Congress should control the MX's development, the committee deadlocked. House members insisted on a Congressional go/no-go vote next April before any missiles could be built; Senate conferees wanted production cranked up unless both chambers voted to close the assembly lines.

If neither the authorization legislation nor the spending bill that would normally come next can be agreed to, Congress might have to cover the Pentagon's expenses in the fiscal year that begins Oct. 1 with a so-called continuing resolution. House Democratic leaders said that, in the meantime, they would seek to make the MX a prime campaign target.

But a hint at the outcome came at week's end, to the evident surprise of Senate majority leader Howard H. Baker Jr., Republican of Tennessee. The Senate's assistant majority leader, Ted Stevens of Alaska, who is also chairman of the Appropriations Subcommittee on Defense, predicted: "Whether we like it or not, we'll get 5 percent and we'll be lucky to get that." Senate leaders and the White House have insisted on 7.5 percent (both figures are after adjustment for inflation), which would allow the Pentagon to commit \$299 billion for its programs next year. The House originally wanted to hold growth to 3.5 percent, for a total of \$285.7 billion, but has offered to come up to 5 percent. "I'm going to talk to Senator Stevens," Mr. Baker said.

## Selective Legislating

Elsewhere on Capitol Hill, political considerations seemed to loom even larger as Congress set about selectively working its way through a backlog. The House, which has been sharply criticized by President Reagan for blocking anticrime legislation, approved five law-and-order bills favored by the White House. One would allow Federal judges to slap white-collar defendants with much stiffer fines. The Senate approved and sent to the White House a bill allowing consumers in Southern California and sections of two other states to continue receiving electricity at cost from the Hoover Dam. The measure was passed over the objections of such critics as Howard M. Metzenbaum, Democrat of Ohio, who said the Government could raise as much as \$3.5 billion over the next decade if it charged market rates.

## Close Call In Providence

"It wasn't boring," Joseph R. Paolino Jr. said last week after winning a special election by 121 votes to become Mayor of Providence, R.I.

The politics of New England's third largest city is almost never dull — and rarely is it the stuff of civics texts. Accordingly, Mr. Paolino, a former City Council president, said he would give high priority to weeding out City Hall corruption. State and Federal grand juries have indicted 14 municipal workers this year on corruption charges.

Mr. Paolino became acting Mayor in April when Vincent A. Cianci Jr., who had been Mayor for more than nine years, resigned after pleading no contest to felony assault charges involving a man Mr. Cianci said was having an affair with his estranged wife. The State Supreme Court barred Mr. Cianci from running in the special election to fill the rest of his term. Last week, after an extraordinarily bitter campaign, Mr. Paolino was behind on election day, but led a field of four after absentee ballots were counted.

Providence didn't have the only hot contest last week. Former Mayor Carl Morgan Jr. defeated a black candidate in a runoff election for president of the City Council of Selma, Ala., a city the Rev. Martin Luther King Jr. once termed the most segregated in the United States. In the first election, held July 10, Raymond Major finished ahead of four white opponents, but last week's returns showed Mr. Major losing to Mr. Morgan 3,612 to 4,679. In Tennessee, Republicans nominated Victor Ashe, a former State Senator, for the seat in the United States Senate being given up by majority leader Howard H. Baker Jr. Mr. Ashe will face Representative Albert Gore Jr., the Democratic nominee, and Ed McAteer, an independent conservative.

## Hansen Gets A Reprimand

The Ethics in Government Act that tripped him up, Representative George Hansen told members of the House last week, has created a "paperwork jungle" that could in



The New York Times / George Tamas  
Representative George Hansen

time leave them all "convicted felons." But in the end, his colleagues voted 354 to 52 to reprimand the Idaho Republican.

The reprimand, recommended by the House's ethics committee, was the mildest punishment he could have received. Mr. Hansen is appealing a Federal court conviction earlier this year on charges stemming from his failure to file complete financial disclosure statements. He was fined \$40,000 and sentenced to serve 5 to 15 months in prison.

Mr. Hansen told the House that he had merely failed to tell all about his wife's financial dealings and that, in any event, he had been following the advice of his lawyer, Louis Stokes, Democrat of Ohio and head of the ethics committee, said Mr. Hansen had deliberately hidden information about financial transactions with a number of businessmen.

House Republican whip Trent Lott, who voted for the reprimand, said he agreed with Mr. Hansen that the financial statements of Geraldine A. Ferraro, the Queens Democrat who is her party's Vice Presidential nominee, should undergo as much scrutiny. Mrs. Ferraro last month announced that she would for the first time report information about her husband's business dealings. After the vote, House Speaker Thomas P. O'Neill Jr. said that the 1978 statute should be modified to prevent the executive branch from stalking members who file improper financial statements. He said members of Congress never intended "to allow themselves to be adjudicated by the Justice Department."

## More Power To the Schools?

More than a year ago, President Reagan began to position himself as a champion of education reform, calling for a return to "basics" to combat the "rising tide of mediocrity" cited in a Presidential commission's report. Since then, Mr. Reagan has repeatedly opined that such reform should begin with what he calls "good old-fashioned discipline," and he has expressed an intention to use the Justice Department as his hickory stick.

The department last week attempted to strike its first lick, urging the Supreme Court to give school officials greater latitude to conduct searches than would be permitted law-enforcement authorities. The request came in a friend of the court brief in which the department, saying disorder in public schools was a "national problem" requiring Federal assistance, joined the State of New Jersey in asking that the State Supreme Court be overruled in a Piscataway High School case.

A 14-year-old student there denied a teacher's accusation that she had been smoking in a no-smoking area. A school official searched the girl's purse to determine whether she possessed cigarettes; he found cigarettes and marijuana. The New Jersey court said the official was wrong to search the purse and the evidence he found could not be used to bring drug charges against the student.

The Government's position seemed to be that if protection against unreasonable search and seizure did not apply between parent and child, it should not apply between teacher and student. "Teachers have been given responsibilities like those of parents," the agency argued, "and they must be afforded concomitant leeway to exercise that authority." A New Jersey public defender disputed that, arguing that, as government agents, school officials are bound by the same Fourth Amendment search-and-seizure guidelines that apply to law enforcement authorities.

Caroline Rand Herron and Michael Wright

## Memories of Patco Haunt Post Office Labor Talks

By BILL KELLER

WASHINGTON — The Government's current dispute with 600,000 postal workers might be all the more dramatic were it not for President Reagan's mass dismissal of striking air traffic controllers three years ago this week.

Emulating the treatment given the defiant Professional Air Traffic Controllers Organization, Postmaster General William F. Bolger has taken a hard line against the postal unions. He was unyielding in his demand for pay concessions. To advise him, he brought in an outside lawyer scorned by labor leaders as a "union-busting" consultant. And when the contracts expired two weeks ago, he promptly announced plans for a unilateral pay cut for new workers, starting with those hired yesterday.

But this time, with the memory of the Patco firings still fresh, the unions don't seem inclined to flout the law against strikes by public employees. Instead, they appear to be hoping for victory through the less theatrical process of arbitration.

Until 1970, the postal unions did not bargain for their pay, they lobbied for it. Congress set postal pay and, because it feared the political consequences of raising postage rates, it was not particularly generous with the workers. A crippling postal strike that year, which ended only after President Nixon called in troops to handle New York City's mail, helped persuade Congress to split off the Postal Service as an independent agency, governed by a board of presidential appointees. The law made postal workers the only major group of Federal workers who can bargain for wages. A deadlock calls for binding arbitration by a three-member panel.

Arbitration is a gamble for both sides, but the unions believe they cannot help but do better than they were doing at the bargaining table. History suggests they are right. In 1981, for instance, the 40,000-member Mail Handlers union went to arbitration and got a better deal than the other postal unions won at the bargaining table.

Mr. Bolger's agents will try to convince the arbitrators that increasing payroll costs will require higher postage and make it difficult for the Postal Service to meet the competition of private delivery services. The unions are likely to counter that given recent Postal Service surpluses the workers are entitled to a raise.

The outcome of the contract deadlock may hinge on what the three arbitrators make of the perennial debate over comparability. The law calls for postal workers to be paid wages comparable to those in private industry, but management and the unions — and their respective hired economists — disagree over what is a fair basis for comparison. Postal workers (average pay



Source: Goldenberg

\$23,238, plus fringes worth \$4,600) make more than the typical worker with similar skills in private industry.

And since they were given the right to bargain, postal workers' compensation has grown almost twice as fast as that of other Federal civil servants, whose pay is set by a formula supposedly based on comparable private jobs. But postal workers prefer to be compared with better paid, unionized workers in large companies.

## Comparability Differences

In their bargaining, postal unions and management usually start out with conflicting arguments about comparability, then end up splitting the difference. This time, when the Postal Service sat down to the bargaining table in April there was an uninvited guest — the ghost of Patco. After the President's dismissal of 11,400 controllers, no one believed postal workers would take the same risk. Mr. Bolger demanded a three-year wage freeze and a two-tier wage scale that would pay newly hired clerks and carriers about 20 percent less than current employees.

At the same time, the union leaders operated under political pressures. Moe Biller of the American Postal Workers Union and Vincent R. Sombrotto of the National Association of Letter Carriers won office by ousting incumbents who

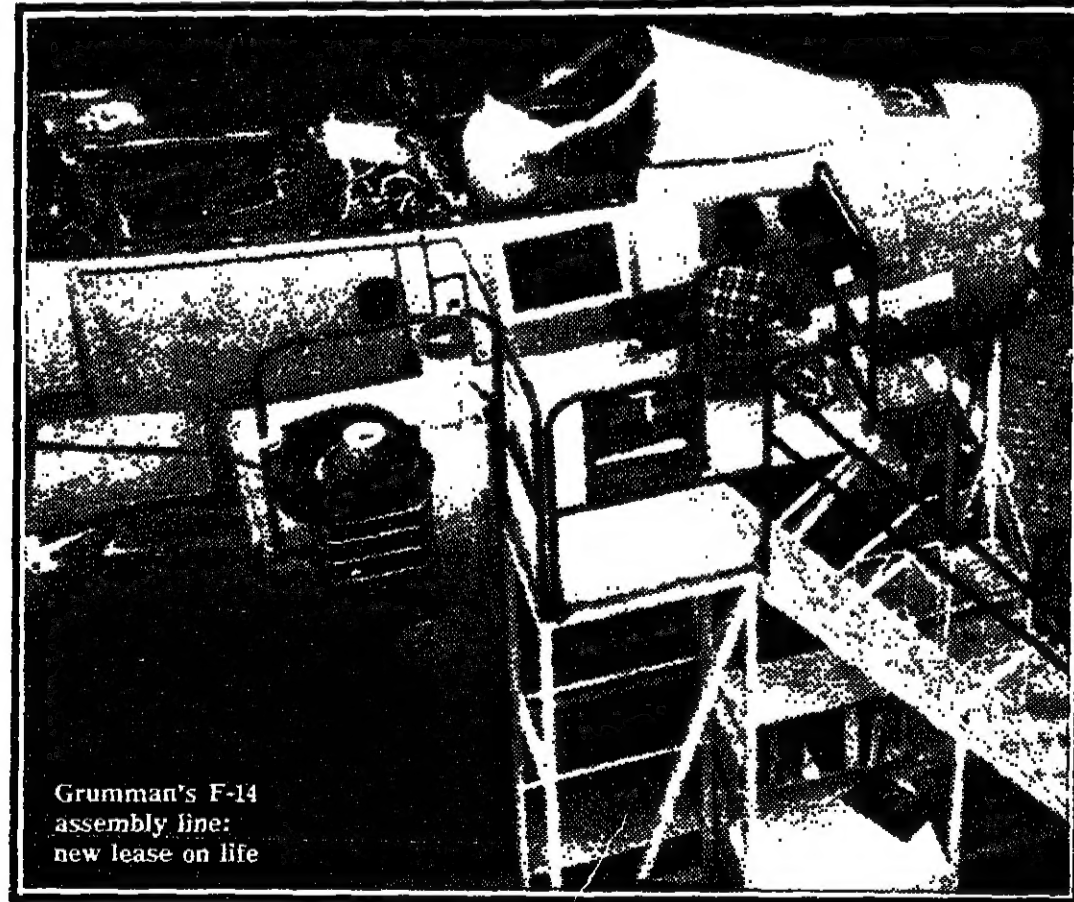
had failed to deliver satisfactory contracts in 1978. They were not about to offer their members "givebacks." Hours after he walked away from management's final offer, Mr. Biller declared, "Some union had to stand up against the concessionary bargaining and the annihilation behavior that have been going on ever since President Reagan broke the air traffic controllers union."

Since the talks broke off two weeks ago, Mr. Biller and Mr. Sombrotto have escalated their rhetoric in anticipation of their unions' conventions later this month, holding out a strike as "the weapon of last resort." Mr. Bolger repeated his warnings that strikers would be promptly dismissed. But a strike is still considered a very remote prospect. "I would think," said one Administration official, "that would add six to eight points to the vote for Ronald Reagan."

Oddly, participants in the Postal Service negotiations have said that a strike threat might have forced an agreement. In 1981, negotiators pointed out, postal workers declared they would walk off the job if their contracts expired. Under that threat, negotiators labored 30 hours straight and reached a compromise. This time, with no air of crisis, neither side felt much pressure to give, and so — barring an unexpected return to the table — they have surrendered their bargaining rights to outside referees.

## Navy Halts Delivery of F-18's, Rewards Grumman

# Military-Industrial Complexities



Grumman's F-14 assembly line: new lease on life

By WAYNE BIDDLE

WASHINGTON — The phrase "military-industrial complex" has taken on certain political connotations over the years. Last week, all shades of its usage were in full blossom as some of the giants of the military hardware world dealt with the vicissitudes of the trade.

It was good news for the Grumman Corporation of Bethpage, L.I., which won Navy contracts potentially worth more than a billion dollars to upgrade its A-6 and F-14 warplanes. Without the new work, Grumman faced a shaky future with A-6 production already near zero and F-14 sales declining as the Navy's original order was filled.

This "new lease on life," as one Grumman official called it, represented a victory for John F. Lehman Jr., Secretary of the Navy and A-6 enthusiast, who has fought deep misgivings in Congress and in the Pentagon about the wisdom of the Navy's continuing to operate four different, expensive front-line tactical aircraft: the McDonnell Douglas/British Aerospace Harrier, the McDonnell F-18, and the Grumman F-14 and A-6.

Bad news continued for McDonnell, which not only saw its hopes for upgrading the F-18 dashed by Grumman but the F-18 assembly line in St.

Louis held up by cracks in the plane's tail. Early in the week the Navy announced that it would accept no more new F-18's until the company corrected a design flaw that causes severe air currents to buffet the aircraft under certain flight conditions. By week's end Sanford N. McDonnell, chairman and chief executive officer, said his company would pay the estimated \$25 million cost of fixing the planes from a special contingency fund that the company said would not reduce its earnings in the short term.

Bad news of a potentially more threatening sort buffeted the General Dynamics Corporation, which last year ranked first among the nation's military contractors with \$6.8 billion in Pentagon business. Government officials said witnesses were again being called before a Federal grand jury in Connecticut in connection with a revived investigation into charges that General Dynamics defrauded the Navy during the 1970's on multi-billion dollar submarine contracts. The new inquiry, fueled by interviews the Justice Department held earlier this year in Greece with fugitive and former General Dynamics executive P. Takis Veliotis, breathed fresh life into a case that had been cold since 1981, when the Government abandoned it for what officials said was a lack of criminal evidence.

The Grumman, McDonnell Douglas and General Dynamics episodes might make superb chapters in a book describing the ups and downs of the military-industrial complex. But whether last week's events demonstrated either soft or hard spots in the Pentagon's heart is problematic. Congress and the Defense Department have both made political hay this year out of fostering competition and combating waste, fraud and abuse. But these major developments of recent days have their roots in the deep past, at least by Washington time standards.

## A Strategy Challenged

On July 19, Secretary of Defense Caspar W. Weinberger told an Indianapolis conference on Federal procurement and trade that the Reagan Administration had a new management strategy with three objectives: "First, to identify sources of inefficiency and corruption in the defense marketplace; second, to apply smart business sense to military procurement; third, to revise and vastly improve the defense contracts we inherited." He told his audience of business executives that "in the past fiscal year, our attorneys and local commanders obtained 657 convictions — almost twice as many as last year — and over \$14 million in fines, restitutions and recoveries."

Mr. Weinberger continued: "Unfortunately, even though they get their stories from Department of Defense reports, the horror stories in the press rarely give us credit for uncovering those problems ourselves."

Neither, it would seem, does Congress, which has spent long hours this year debating measures that would replace Mr. Weinberger's "management strategy." The Senate attached an amendment to the fiscal 1985 defense authorization bill that would establish an Office of Competition Advocate General for each of the services to review sole-source procurement contracts worth more than \$100,000. And the House passed unanimously a "procurement reform" amendment that would, among other things, closely regulate spare parts pricing.

With the Federal bureaucracy sinking deep into its annual August doldrums, the House-Senate conference committee on the defense authorization bill deadlocked and the Presidential and Congressional election campaigns still building up steam, this, in the view of most authorities, is more a season of breath-holding in Washington than bold crackdowns. The fact that the Navy raised a fuss over McDonnell's F-18 and the Justice Department turned its attention once again to General Dynamics is thought to be more a matter of coincidence than a sign of concerted scrutiny of the defense industry.

There is a sense among many experts here, however, that the Reagan Administration's military buildup, which Congress has largely supported, is creating bipartisan demands for "good value" in the defense dollar. Whether this will be translated into real management reform at the Pentagon remains to be seen.



# The World

## 2 Big Parties In Israel Urged To Join Forces

Two Israelis make an argument, three make a political party, Israelis like to joke. But last week, with official returns allocating Knesset seats to 15 parties and a majority nowhere in sight, President Chaim Herzog decided that Israel's problems may be too serious to leave to the mercies of narrow-gauge bargaining.

Stretching his primarily ceremonial mandate, he launched talks on forming a national unity coalition to include the two largest parties, Labor and Likud. Both ran more than 500,000 votes ahead of the pick. In an unusual meeting, Prime Minister Yitzhak Shamir of Likud and Labor's leader, Shimon Peres, discussed measures to ease 400 percent inflation and lighten Israel's heavy dependence on international aid.

Foreign reserves dropped by \$351 million in July, Moshe Magalbaum, governor of the Bank of Israel, called for spending cuts of \$1.5 billion. Inflation may reach 1,000 percent by December, some experts said, if remedies are not applied soon.

A big-party coalition could refuse concessions to small religious-oriented parties that are pressing demands such as a law that would deny citizenship to people converted to Judaism by Conservative or Reform rabbis. American rabbis denounced the proposal last week.

Their leaders' ambitions to be Prime Minister aside, most differences between Labor and Likud appeared negotiable. Both favor withdrawal of Israeli troops from Lebanon; they disagree on the timetable. Labor wants a freeze on new Jewish settlements in the West Bank; Likud has vigorously promoted them. But even if that compromise seemed possible, enough new settlements have already been authorized, said a former Likud official, "to keep them busy for two or three years."

## House Is Firm On Latin Aid

Democrats and Republicans divided sharply last week over President Reagan's Central American policies. The Democratic-controlled House rejected the Administration's request for \$117 million in additional military aid for El Salvador this year. And for the fourth time in 14 months, the House asked to halt C.I.A. financing of forces fighting the Government of Nicaragua. Senate committees, where Republicans hold the majority, went the other way on both issues. The Administration said it would keep pushing its proposals.

El Salvador wasn't exactly out of funds. Congress has already approved \$125.7 million in military aid for 1984 and the country's prospects brightened when President José Napoleón Duarte found a powerful new friend. "I think Duarte is a very straightforward guy and I want to give him a chance," said Representative Clarence D. Long, Democrat of Maryland and chairman of a foreign aid subcommittee. Mr. Long said he would request \$126 million in military aid and \$180 million in economic help for next year. That would give the Salvadorans "what they need to get along," he said, "but not so much that their generals can go rushing to Miami banks."

The Salvadoran military was set back when guerrillas attacked two farm cooperatives in a western province, killing 58 people. Gen. Paul F. Gorman, the Pentagon's commander for Latin America, conceded that the Salvadorans were still delivering "a checkered performance."

As for the Nicaraguan insurgency, House Republicans counted votes and decided not to fight for the Administration's request for \$28 million for the rebels. The money was not included when the House approved the



A survivor mourning those killed in Salvadoran guerrilla attack.

\$1 billion intelligence budget for 1985. Nicaragua proceeded with plans for national elections in November, registering more than one million of 16 million eligible voters. But Arturo Cruz, the former Sandinista official who returned from Washington to become the leading opposition candidate, repeated that he would not participate (thus legitimizing the election) unless the Government let guerrilla leaders take part. And in a move to combat the Government's grass-roots program, the Roman Catholic Archbishop of Managua, Miguel Obando y Bravo, passed the hat among friendly businessmen in New York. Some of them agreed to support "pastoral cadres" the church says it is training in leadership, religion, health and nutrition — subjects the Sandinistas have stressed (with Cuban help) in successfully marshaling public support.

## Locked Up In Argentina

Jailed last week on charges stemming from the murders and disappearances that swept Argentina, Jorge Rafael Videla will not be able to claim that he was just following orders. General Videla led the coup that brought the military to power in 1976 and was President for the next five years, the time of almost all of the more than 8,000 disappearances, hundreds of executions and uncounted instances of torture.

It was the first indictment of an officer brought by a military court over the abuses, and came half a



Former President Jorge Rafael Videla

year after President Raúl Alfonsín accused General Videla and eight other junta members of spreading "terror, pain and death throughout Argentine society." The former leader joined two other officers — one the head of a torture center, the other a police chief — being held by the military on human rights charges. Another officer, Air Force Brig. Orlando Ramón Agosti, was questioned last week by the top military tribunal. Several hundred officers have been charged with human rights abuses by civilian courts, but many of the cases are being transferred to military jurisdiction in a gamble by Mr. Alfonsín to allow the armed forces to cleanse themselves.

General Videla had rejected appeals from worried officers to take the blame for the abuses, instead leading a campaign defending the junta's actions as necessary to combat terrorism. Even his conviction, however, would be unlikely to satisfy human rights groups, which last week submitted a list of 896 military officers they contend were involved in the disappearances.

## Japan Won't Give Up on Whaling

Trust the Japanese to find a way to launder whales. So it seemed last week, when an advisory panel to the Fisheries Agency proposed that Japan end commercial whaling in the Antarctic Ocean in return for permission to hunt whales there for "research" purposes. The offer was viewed as an attempt to head off a five-year worldwide ban on whaling imposed by the International Whaling Commission and scheduled to begin in 1986. But it was hard to see how whale hunting in the name of research would be substantially different from whale hunting in the name of commerce, since officials acknowledged that the whales would be hunted by the same fleet and sold on the same domestic market after the research was completed. Nor was it clear whether any fewer of the endangered mammals would be killed under the plan.

With a harvest last season of 4,246 whales, Japan was the world's biggest whaler, but the industry has shrunk so much over the past two decades that it now directly employs only 1,300 people. Although expense and scarcity have reduced whale meat to a relatively insignificant part of the Japanese diet, whaling still occupies an important place in the nation's culture, something the Japanese believe other nations do not understand.

Miki Freudenheim, Richard Levine and Henry Guider

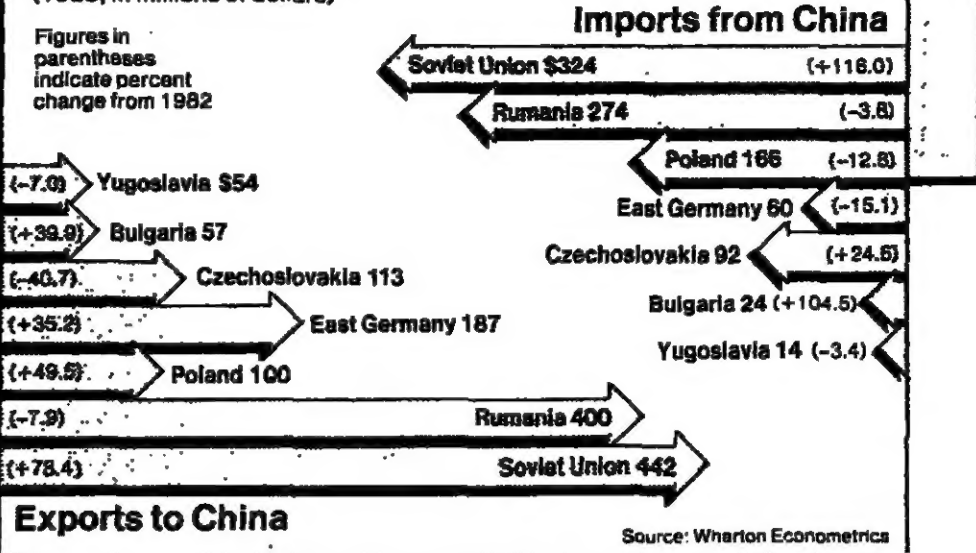
## Visits Promote Chinese Ties With East Bloc



Shanghai harbor

### China's trade with Eastern Europe

(1983, in millions of dollars)



Source: Wharton Econometrics

Magnum/Bruno Barbey

## Peking Tries an End Run And Woos Soviet Allies

By CHRISTOPHER S. WREN

PEKING — Following their great ideological rift a quarter century ago, China jumped the Soviet Union and its Communist allies together as apostates beyond the pale of Marxist salvation. Today, Peking still blames Moscow for blocking normal relations, but it has no such complaints about Eastern Europe.

Last week, China announced that President Li Xiannian would visit Rumania and Yugoslavia in the next month, following in the steps of party chief Hu Yaobang last year. The destinations were not surprising. Both countries represent a posture China would like the rest of Eastern Europe to adopt — less subservient to Moscow and more appreciative of Peking's independence.

The trip is just one more sign that China is stepping up its courtship of Eastern Europe. Deputy Foreign Minister Qian Qichen, Peking's negotiator with Moscow, added Bulgaria and Czechoslovakia to his trip to the Soviet Union in June and July. A few weeks before, Chen Muhua, China's Minister for Foreign Economic Relations and Trade, made the rounds of Hungary, Poland and Czechoslovakia. Nor have the overtures been confined to Eastern Europe. Last week, the Assistant Foreign Minister, Zhu Qizhen, was in Havana for what was ostensibly an inspection tour of the Chinese Embassy, although a spokesman here made clear that he was also available to exchange views with the Cubans. This week, Prime Minister Kang Sung-San of North Korea, which China has tried to keep out of the Soviet orbit, will arrive in Peking as an official guest.

## Cabinet Again Disagreed on Troop Deployment Last Week

## Some of the Barricades Still Stand In Lebanon

By JOHN KIFNER

BEIRUT, Lebanon — Sipping thick Arabian coffee from a small paper cup, the Lebanese army colonel waited last week in his jeep outside the Empire Theater. The movie house sits on the eastern, Christian edge of the Green Line, in the heart of the old downtown, the financial and entertainment district of what had been the richest, liveliest city in the Arab world. In the nine years since the Empire showed its last film, barricades have grown around it protecting front-line positions in Lebanon's unending cycle of war.

Around the corner of a shattered building came a half dozen husky young men. Their short haircuts and big automatic pistols jammed in the belts or hip pockets of their designer jeans marked them as members of the Christian Phalangist militia known as the Lebanese Forces. From the opposite direction across the desolate landscape, a Land Rover brought other armed young men in jeans, with the bushy black beards favored by the Druse fighters of the Progressive Socialist Party.

Using walkie-talkies, Lebanese army officers reported to their command and to nearby units, Christian, Druse and Shiite Moslem militia commanders contacted their respective cohorts, and a leathery French marine wearing the white helmet of the neutral peacekeeping observers reported on the progress of the bulldozers to the beleaguered committee that tries to negotiate cease-fires in this hair-trigger country.

The Green Line is an eerie place. Block after block of once-elegant, bustling buildings now are empty, chewed to ruin by small-arms fire. Debris-strewn deserted streets are enlivened only by spray-painted battle slogans and posters and a few stray cats. Behind the cinema, in offices where long-ago files still lie where they were kicked aside, stretches a network of sniper posts and strongpoints connected by sandbagged pas-

sageways and high barricades of earth and boxcars. On a nearby street, a Christian militiaman has planted a vegetable garden along his stretch of fortification. In front is a no man's land, once the central souk, that ends in similar battlements on the Moslem side.

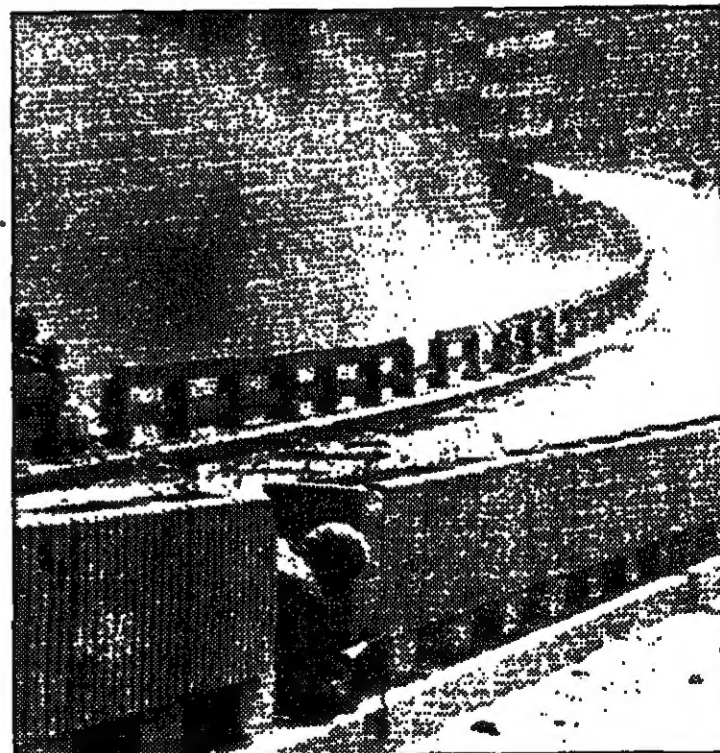
The Lebanese Army moved into the Green Line in perhaps the most important step in the Government's fragile peace plan, which is proceeding under the tutelage of Syria. Yet, even as yellow bulldozers dug into the red earth barricades, pulling out old automobile chassis and cargo containers, the rapprochement between the Government of warlords and local za'ims, near-feudal sectarian satraps, was beginning to fray.

At its weekly meeting, the Cabinet was supposed to announce a plan to deploy the army into the mountains south-east of Beirut as an extension of the Government's writ. But Tourism Minister Walid Jumblatt, the leftist leader whose Druse face the army at Souk el Gharb objected. Yesterday, with Syrian mediation, official sources said it was agreed that when the army was deployed in his sector, it would also move into the Maronite Catholic-controlled mountains to the north. The Christian militia, meanwhile, refused to give up its lucrative illegal port in the "Fifth Basin" of Beirut harbor. And Nabih Berri, leader of the Shiite Amal movement, threatened to boycott the Cabinet until 5,000 temporary teachers, mostly Moslems, were put on full pay, an issue that also upset Education Minister Saleh al-Hoss, a Sunni Moslem.

Indeed, despite the deployment of the bulldozers and an elaborate ceremony to honor and legitimize the army — the Maronite President, Amin Gemayel, promised the troops "thorns, sacrifice and, possibly, blood" — the question of how much control the Government exerted remained very much open.

### Syrian Power Center

Mr. Jumblatt went to Damascus to discuss his grievances. And even the Maronite leaders, who have complained about the Syrians since 1978, were planning a trip to Damascus this week, for that is clearly where much of the power lies. Syria controls much of northern Lebanon, including the fertile hashish and opium fields of the



A Lebanese soldier hiding behind the barrier that spans Beirut's Green Line. The army is tearing down the barricades.

upper Bekaa district. Israel controls the south, where it is running into increasingly violent resistance from the Shiite population. After an Israeli soldier was killed in a grenade ambush in the south last week, the Israelis retaliated by forcing 50 Lebanese shops to close.

In the few areas supposedly controlled by Lebanese, both Christians and Druse have established what are, in effect, self-administered cantons. The Christian militias maintain an elaborate and efficient system of taxation and law and order. The Druse last week executed two alleged malefactors. In Beirut's western sector, there are fears of renewed conflict between nominal allies — the Druse, Sunni and Shiite forces — set off by clashes that started over the display of posters.

More than 200 cease-fires and peace plans have failed since society broke down here in 1975. The current peace effort has brought some hope, but not much faith.

A young woman who lives on the mostly Moslem west side decided to take advantage of the lull to go to her doctor on the Christian east side for a medical checkup before trouble starts again. The office was jammed with other people doing exactly the same thing.

China used a visit here last May by Dragoslav Markovic, chief of the Yugoslav Communist Party, to state its case for ideological independence. True Marxists must formulate policies consistent with the reality of their countries while respecting the reality of other countries and their parties, said Deng Xiaoping, China's top leader. He could not resist a swipe at the Kremlin: He told Mr. Markovic that those who pick holes in other parties and try to order them about are bound to make mistakes.

China's official discussions on normalizing relations with the Soviet Union, which got under way in October 1982, are stalled. Mr. Qian reported no progress on his latest trip to Moscow. Peking insists that relations cannot improve until the Soviet Union sharply reduces its forces along China's northern frontier, pulls its troops out of Afghanistan and stops supporting Vietnam's military occupation of Cambodia. Even then, the Beijing Review said last month, it is unrealistic and impossible to expect a return to the friendship of the 1950's, when Moscow called the shots.

Neither has Peking restored the party-to-party ties it severed with the Soviet bloc in the big freeze. It has links only with the ruling parties of Rumania, Yugoslavia and North Korea, though not evidently for lack of probing. There were reports here this year that China had made overtures to East Germany about resurrecting party ties, but that the East Germans backed off when the Kremlin objected. The Chinese think their efforts haven't progressed faster because the Russians don't want their allies too far out in front.

### More Comings and Goings

However, the continuing coolness in Chinese-Soviet relations has not prevented an expansion of China's unofficial contacts with both the Soviet Union and Eastern Europe. Last month, nine Chinese agronomists toured the Soviet Union. This autumn, Moscow and Peking will each send 72 exchange students to the other's universities, according to a Soviet source. Diplomats expect such steps to lead to widening contacts between China and Eastern Europe, although Soviet bloc responses so far seem calibrated to Moscow's own contacts with Peking. In May, the Soviet Union scrubbed a visit by Deputy Prime Minister Ivan Arkhipov to China, possibly because of new fighting on the Sino-Vietnamese border. But plans for the aborted trip paved the way for a visit last month by Poland's Deputy Foreign Minister Ernest Kuza, who in Mr. Arkhipov's absence became the highest ranking Soviet-bloc official to come to China in two decades.

Similarly, China's substantial expansion of bilateral trade with the Soviet Union, to about \$1.2 billion this year, has been accompanied by a rise in its trade with Eastern Europe. Last April, a Chinese economic delegation visited Hungary, Poland, Czechoslovakia, Bulgaria and East Germany and returned to report that trade with the five Soviet allies would total \$900 million this year. China's commerce with Poland alone has risen 25 percent and will exceed \$211 million, which the New China News Agency called a record.

Peking has looked to the West not only for the advanced technology it needs for modernization but also for the hard currency it receives for Chinese goods. The Soviet bloc offers neither. But China made deals last spring to have the Eastern Europeans help renovate some Chinese factories built with Soviet assistance in the 1950's. China also plans to coproduce harvesting machines with East Germany, trucks with Czechoslovakia, buses with Poland and Hungary and forklifts with Bulgaria.

China has also signaled its readiness to help Communist countries that want to go it alone. It has supplied jet fighters and other hardware to North Korea and oil to Rumania. Last year, Mr. Hu confirmed that the tight-fisted Chinese had even made a modest loan to Yugoslavia. Yugoslav sources understood that it amounted to about \$150 million.



## Wary Washington Agrees to Low-Level Talks

## What's Behind Castro's Softer Tone

By JOSEPH B. TREASTER

HAVANA — Once again, Fidel Castro is talking as if he wants to improve relations with the United States. Whether he will make headway is not clear, but there is no mystery about his motivation. Cuba's economy has more than a few problems and there are those who believe President Castro is not comfortable being almost entirely dependent on the Soviet Union. He would like to be doing business with the United States, these experts say, buying and selling goods, taking advantage of American technology and welcoming American tourists. He says he would also prefer not to be spending so much time and energy on national defense.

Most Reagan Administration officials seem skeptical of Mr. Castro's desire, as professed in a speech late last month, to see tensions diminished in the Caribbean and elsewhere. The Administration continues to believe that the best way to deal with the Cuban leader is with unyielding firmness.

Even before Mr. Castro used conciliatory language in his state of the nation speech on the 31st anniversary of the 1953 guerrilla attack which he celebrates as the start of the Cuban revolution, President Reagan's national security adviser, Robert C. McFarlane, was cautioning against accepting overtures. At a reception the White House said was timed to coincide with the Cuban anniversary, Mr. McFarlane said that any offers from Havana to negotiate an end to hostilities with the United States

should be viewed as merely "a tactic for diverting our attention away from the violence it is spreading, as we meet today, throughout Central America, Africa and the Caribbean."

## No Mention of Reagan

There was a distinct softening of tone in this year's Castro speech. In contrast to his description last year of the Reagan Administration as "a reactionary, extreme right clique with an openly warmongering and fascist foreign policy," Mr. Castro did not mention Mr. Reagan and referred to the United States only sparingly. He directed most of his criticism at "capitalism" and "imperialism," code words that spell United States to Cuban audiences but are regarded by the State Department as euphemisms somewhat more acceptable than direct assaults. Mr. Castro is said to understand this distinction very well.

Analysts also noted that he refrained from emphasizing Cuba's activities in Latin America and Africa and spoke of finding political solutions for conflicts in those places. In his audience in the industrial city of Cienfuegos was Maj. Gen. Jerry T. Rawlings, the chief of state of Ghana. As he departed last week, General Rawlings remarked that unlike Angola and Ethiopia, his country had no Cuban troops. But, he added, "they are welcome."

Castro-watchers here and in Washington say that for months, Mr. Castro has been sending signals suggesting he would like to ease tensions with the United States. The experts believe he feels obliged to move discreetly, lest

his action be interpreted domestically as evidence of weakness.

In June, when the Rev. Jesse Jackson visited Cuba as a Presidential candidate with an olive branch in hand, Mr. Castro took the opportunity to suggest a meeting with United States officials. Then last month, representatives of the two countries met in New York for their first official encounter, aside from routine diplomatic contacts, in two years. The subject was the return of several thousand Cuban criminals and mentally ill people who are illegally in the United States, and the resumption of routine Cuban immigration. Last week, the State Department announced that the two countries had held a second meeting, again in New York.

Mr. Castro made clear that he hoped subsequent meetings would go beyond immigration issues. Some Administration officials, notably Secretary of State George P. Shultz, suggested this might be possible. Others, however, were adamant that at least for now talks with Cuba be limited to narrowly defined "technical" issues.

The Administration has said it is unwilling to enter into broad discussions until Cuba diminishes its strong ties to the Soviet Union and shows signs of disengaging from Central America and Africa. Mr. Castro has offered



Fidel Castro

The Associated Press

to participate in a mutual withdrawal from Central America along with the United States, but Washington has ignored the offer. Mr. Castro has several times over the years said he wanted a better relationship. United States officials say, but has never indicated a genuine willingness to compromise. Administration officials see little advantage in wavering. They reject the argument that the United States might be more successful in influencing Mr. Castro if it resumed full diplomatic relations, lifted the 24-year-old trade embargo and permitted resumption of free travel for both countries' citizens.

Some analysts outside the Administration, however, blame the trade embargo for keeping Mr. Castro in the Soviet camp. With the embargo and without the Soviet Union, they note, it is difficult to see how Cuba could survive. The Soviet Union buys 80 percent of Cuba's sugar, its main export, at prices at least six times higher than world market prices.

Counting the sugar subsidy, Moscow provides an estimated \$8 billion a year in aid.

The embargo was imposed in 1960 in reaction to Cuba's nationalization of United States companies. It has been extended as a means of trying to force Cuba to change its ways.

As a practical matter, however, Mr. Castro seems unlikely to move away from the Russians unless he can find a large source of income elsewhere.

## Environmental Concerns Led to a Minor Government Crisis in Germany Last Week

## Europe Worries About Keeping Recovery Clean

By PAUL LEWIS

PARIS — During the 1970's, Western Europe made a promising start toward clearing up the environmental mess left by 20 years of unfettered economic growth. New laws forced industry to adopt cleaner working habits, while the recession and rising energy prices curbed the burning of polluting fuels and the production of hazardous wastes. European economies cut sulfur emissions 15 percent in the last decade (about 10 percent less than in the United States), and sharply reduced smoke and dust pollution. For the first time in a century, salmon are being caught in the Thames off London Bridge.

Even so, the roll call of ecological disasters continues, reminders like Seveso and the Amoco Cadiz of the fragility of past environmental gains. While economic growth means fewer unemployed, it also means more factories befouling the air and water, more cars and trucks jamming the roads, even more litter to be scattered around the countryside. One of the more interesting political lessons of the recession, however, was that rising unemployment did not blunt popular pressure for a cleaner world. Polls made in 1982, when economic prospects seemed bleak, show that 49 percent of Americans and 59 percent of Europeans were ready to accept slower growth to protect the environment. The evidence seems to indicate that environmental pressure is mounting as economies recover.

Last week, West German parliamentarians were forced to interrupt summer vacations and hurry back to Bonn after a political storm over a smoky power station briefly threatened Chancellor Helmut Kohl's coalition Government. In the end, the Government defeated a censure motion over its plans to bring the coal-burning plant into service without filters to reduce sulfur emissions blamed for acid rain, but only because it promised to have the filters in place six months earlier than previously planned, and agreed to cut emissions from two other power stations in the meantime.

It was the second indication in recent weeks that Europeans were heading the threat of acid rain. In June, the Soviet Union and its East European satellites joined the so-called "30 percent club" of nations committed to cutting sulfur emissions a third below 1980 levels by 1993. For the first time, these countries acknowledged that their forests are also suffering, although the Czechoslovakian delegate blamed capitalist industry in Western Europe.

Earlier that month, environmental authorities from



Effects of acid rain on a West German forest

the Western countries met in Paris to look at the ecological consequences of renewed economic expansion. The conclusion: While Governments everywhere face increased pressure to improve environmental standards, faster growth makes cleanups more affordable.

## The Price of Growth

Indeed, many now see environmental controls as helping recovery, not obstructing it. "The fear environmental action would hinder our economies appears misplaced," said the Dutch environmental minister, Pieter Winsemius.

According to the Organization for Economic Cooperation and Development, if Western economies keep growing at an average rate of 3 percent a year, they will need to greatly increase spending on pollution controls to maintain present environmental standards. Britain, Germany, Norway and Sweden, for example, would face an increase of between 10 percent and 30 percent; Austria, Belgium, Italy and Denmark would have to more than double their investment, while in Spain, Portugal and Greece, which have been lax about the environment, environmental spending would have to multiply between four and 10 times just to keep pollution levels constant.

Western Europe now spends \$1.5 billion a year cleaning up toxic wastes, while trying sulfur emissions 50 percent could cost between \$8 billion and \$13 billion, according to one new study. Industrialists complain that such burdens raise production costs, reduce research spending, make their companies less efficient and eventually lower employment. Yet many economists now believe that investment in environmental controls may assist economic growth by reducing waste, stimulating invention and creating a wholly new industry.

Damage to buildings in Europe from sulfur emissions alone is estimated at between \$500 million and \$2.7 billion annually, while Germany reckons it has lost \$1.2 billion worth of timber through acid rain so far. The benefits from cutting United States sulfur emissions 20 percent in 1993 are estimated as \$21.4 billion, including health savings and increased property values, or more than the \$16.6 billion it cost. Norway also calculates that the economic benefits of fighting air pollution outweigh the costs.

## Gaining Jobs

In the automobile, paper and chemical industries, environmental restrictions have spurred innovation, forcing companies to develop new technologies that cut energy consumption and recycle wastes. In Denmark, 35 percent of pollution control investments involve new technology. The German industries most subject to pollution control are also the most productive. In the United States, Federal antipollution programs created 100,000 jobs in 1980, while the antipollution equipment industry employed 50,000 people last year. Germany reckons 0.8 percent of its working population is engaged in combating pollution, while in France the figure is 0.43 percent.

An even more convincing argument for new environmental safeguards, however, is that economic recovery may not last long without them. As O.E.C.D. Secretary General Emile van Lennep said in June: "The protection of the environment and the sound management of natural resources have now become essential to sustainable economic growth."

## Few See Significant Gains in Warsaw's Release of Political Prisoners

## Poland Is Turning the Wheel Without Turning the Corner

By MICHAEL T. KAUFMAN

WARSAW — With the release of political prisoners continuing, the long-playing drama in which large sectors of Polish society are pitted against the state has run through yet another cycle, and new political configurations are taking shape.

As more of the 652 prisoners came out of prisons last week, Gen. Wojciech Jaruzelski, the Polish leader, was reportedly seeking a new meeting with Joseph Cardinal Glemp, the Roman Catholic Primate, in hopes of building on any credit accruing from the amnesty. Church activists were moving into the vacuum left by the fragmentation of Solidarity, the outlawed independent union. The church urged a boycott of vodka, which is the national drink and a Government monopoly. The tactic has overtones of Gandhian self-discipline for political ends — in this case, to cut into a prime source of Government revenue. And Solidarity militants were circulating questionnaires asking advice on how to pursue their goals of pluralism and democracy. "We are clearly in a new situation," said Janusz Onyszkiewicz, a former Solidarity spokesman. "It's still a stalemate, but it is a new level of stalemate."

Andrzej Gwiazda, a prominent released activist, predicted "a period of negative calm." He added: "It remains absolutely impossible for the Government to gain any credibility from society. The rulers have pressing economic problems which they think they can cure with dollars they will gain from the West (in return) for the amnesty. But really nothing has changed. They have not made any political concessions and society cannot accept anything less than real political concessions."

The veterans of Solidarity also seemed to have only limited options. With the prisoner release, a unifying issue was lost. Sources in touch with opposition leaders said strategies under consideration ranged from greater support for the underground, which has rejected the amnesty, to greater collaboration with the Government.

sponsored unions in hopes of co-opting them. Wladyslaw Frasniuk, a Solidarity activist with a large following in Silesia, left jail and — after reportedly eluding security police — visited Zbigniew Bujak, the fugitive underground leader. They issued a call for renewed struggle.

In conversations about what is likely to happen next, the metaphor Poles commonly use is the circle — the revolution of the wheel, the seemingly inevitable return to the same place. Many intellectuals have seen video cassettes of the British television play "Squaring the Circle" by Tom Stoppard, a native of Czechoslovakia. The play offers a pessimistic assessment of Solidarity's attempt to modify the totalitarian system by grafting on features of Western social democracy. It failed not because no one knew how but because, like squaring a circle, it could not be done, Stoppard asserts.

Mr. Onyszkiewicz, the former Solidarity spokesman, is a mathematics professor. He remarked that, in fact, "with a computer, it is easy" to square a circle. The political equivalent, he believes, could also be achieved.

## Around and Around It Goes

Wladyslaw Bienkowski, a former Minister of Education who was expelled from the party in the 1980's for his book "Motors and Brakes of Socialism," observes that Polish Communism goes through cycles. He says the cycle is driven by a force he calls "the dynamics of petrification." In Communist societies, he said, bureaucracies are allowed to develop far beyond their utilitarian purposes, becoming giants that throttle all initiative. Eventually, pent-up energies crack the structures of power. Reform and liberalization ensue. Police power is then used to patch up the cracks until the cycle starts again. A simpler explanation was offered last week by a thoughtful factory mechanic. "Look," he said, "the powers can't get the economy going unless they have the good will of the workers. They can't get the good will of the workers because they lied to us too many times. Still, what else can they do but say, 'Look, this time it will be different. Trust us. Be patient, and to show you we really



Observing the 40th anniversary of the Warsaw uprising last week, Poles wave Solidarity salutes.

United Press International

mean it, we'll let your boys out of jail."

But what happens when the boys come out of jail and "ask all the right questions?" he continued. What if the economy does not get better "even if we work harder, because of all the stupid managers who keep their positions because they are party hacks?" And what will happen when "the neighbors, the Red ones, put real pressure on the General to get tough? There will be a new turn of the wheel." While many Poles interpret the circle as a symbol of futility, one Catholic critic warned that the alterna-

tives were probably more dangerous still.

"Even within the circle, things are very different here than anywhere else in the Eastern bloc, with televised church masses, private agriculture and so forth," he said. "We should concentrate on possible reformist improvements, greater civil liberties, an end to the 98 percent votes of the past (elections), instead of predicating strategies on notions of total redemption — strategies that can only fail unless miraculously the political geography changes."



# A.T.& T.: Hot Products, High Costs

Overstaffing and delivery woes slow it down in the fast-paced computer world.

By PETER W. BARNES

LAST year, a few months before the breakup of the Bell System, the American Telephone and Telegraph Company dispatched a cadre of white-collar soldiers to its warehouses to find out why shipments of small office switchboards were running far behind schedule. At one Manhattan warehouse, a group of crates that had sat ignored for no one knew

how long turned out to contain 200 of the phone switchboards for which customers had been clamoring. The incident is still a celebrated story among A.T.& T. salesmen, especially those pressed by clients to meet promised delivery dates. "Here's the largest company in the world, a company that's supposed to be so sophisticated and computerized, opening boxes to find out what it had in inventory," said one salesman who recently resigned.

The story illustrates the type of problem that still plagues A.T.& T. today, seven months after it spun off its Bell operating companies. Its on-time delivery record, particularly in its old mainstay telephone business, remains poor, although the company is trying hard to become more efficient.

But its staff, both in size and in orientation, remains a major stumbling block. A.T.& T.'s high-level decision makers are more oriented to manu-

## The Albatross of Cost

What A.T.& T. and some competitors pay per hour for installation and maintenance of products and equipment, including salary, benefits and overhead.

AT&T	\$61
GTE	\$53
WESTERN UNION	\$49
IBM	\$33
MCI	\$28

Source: The Eastern Management Group, Parsippany, N.J.

facturing considerations than to speedy customer response. Its marketing and sales staff has had less than two years to develop the skills needed to succeed in an unregulated

environment. And its overall labor costs are among the highest in the telecommunications industry.

A.T.& T. is saddled with a cost of \$81 an hour to install and maintain products and equipment, compared with \$33 an hour for the International Business Machines Corporation and \$28 for MCI Communications, according to the Eastern Management Group of Parsippany, N.J. Analysts say that the huge company could cut more than 10 percent, or 40,000 employees, from its staff of 373,000 people before hitting muscle.

"We're intent on getting our force and cost reductions done as soon as possible," said Edward M. Block, an A.T.& T. senior vice president. "We want to start into 1985 with all that behind us—that's our goal."

The company has made some progress. It is keeping a watchful eye on expense accounts, and a management wage freeze announced last month is expected to save A.T.& T.

\$184 million next year as well as setting a tone for 1986 union negotiations.

Indeed, A.T.& T. held second-quarter costs to just 1.7 percent above its \$7.7 billion first-quarter costs. That was undoubtedly a factor in its better-than-expected second-quarter net earnings of \$435 million, or 43 cents a share.

But analysts say that some of those earnings stemmed from first-quarter transactions, and that A.T.& T. actually has a good deal more organizational surgery ahead of it before its cash-draining problems are completely under control, and its marketing abilities up to speed. As W. Spencer Rice, senior partner with S&R Consultants, a Madison, N.J.-based consulting firm, put it, "They've got two cylinders running and they've got six more to go."

In line with its much-publicized goal of becoming a major player in both data processing and telecommunications, A.T.& T. has been hustling new products to market at a heady pace. It introduced its 3B series of minicomputers in March. In May it rolled out its System 75 PBX, a computerized office switchboard, and a month later, its version of a personal computer.

The rapid rollout was designed to signal competitors and customers that the company intends to become a serious force in the computerized office equipment industry. "Our blueprint is out there," said William P. Stritzler, a vice president for new ventures. "Now it's a matter of improving price and capabilities." Analysts say that singly, none of the products is electrifying, but together they represent the first component package for a so-called local area network to link telephones, data processors, workstations and other office equipment. "It's the first time I can remember A.T.& T. being first with anything," said Mr. Rice. "It's given them a wonderful opportunity, if they take advantage of it."

Indeed, A.T.& T. no longer can treat its cost and marketing problems as internal annoyances. The company's attempts to break into the data processing business and to stem the erosion of its position in telecommunications equipment have plunged it into deep competitive waters. The combined market for telephone and computer equipment already is pegged at \$115 billion and is growing at a 15 percent annual clip.

To hang in, A.T.& T. must go head to head with I.B.M., one of the world's most formidable marketing organizations, against aggressive rivals such as Rolm and Northern Telecom that have grown up in an industry where cutthroat competition is commonplace, and against relatively new forces in long-distance telephones such as MCI and GTE-Sprint (see box).

A.T.& T. clearly is playing catch-up ball. Even though equipment sales were opened to competition in 1968, marketing is still not the company's forte. Its share of PBX sales, for example, dropped from 51 percent in 1976 to 22 percent last year.

To recapture that share, analysts say, the company will have to do a better job of switching its management orientation from production to marketing. For example, its System 85 PBX, introduced in the spring of 1983, lacked extensive data transmission capabilities and related software. It met with lukewarm customer response that A.T.& T. hastily announced a revamped model.

Although the new model is having better acceptance, it arrived at a time that the whole industry was plagued with shortages of computer memory chips. A.T.& T.'s manufacturing executives had failed to foresee the explosive demand for the

chips, and had canceled construction of a new chip plant at Orlando, Fla.

A.T.& T. has since added chip capacity in Allentown, Pa., and Kansas City, Mo., and has revived the Orlando plant. The company claims it has been meeting delivery dates since February, but analysts say that it could have had a valuable edge on the competition if it had designed the right product to begin with. "If the marketing people had been on top, System 85 would have come out a lot different," said Dixon Doll of DMW

## AT&T AT A GLANCE

All dollar amounts in thousands, except per share data

Three months ended	1984
June 30	
Revenues	\$8,627,000
Net income	445,000
Earnings per share	\$4.3
Six Months Ended	1984
June 30	
Revenues	\$16,766,000
Net income	682,000
Earnings per share	\$6.3

## Main Lines of Business

Contribution to 1984 revenues

Telecommunications services	48%
Telecommunications products	31%
Rental Services	21%

Total assets, June 30, 1984: \$149,530,000

Current assets: 16,616,500

Current liabilities: 15,868,700

Long-term debt: 44,810,300

Stock price, August 3, 1984

N.Y.S.E. consolidated close: 19 1/2

Stock price, 52-week range: 21 1/4-14 1/2

Employees, June 30, 1984: 373,000

Headquarters: New York

Group, an Ann Arbor, Mich., consulting firm. "The people thinking about customers need to be put in charge."

A.T.& T. has already gone through a radical reorganization to set itself up as a free-market competitor. The old phone company was organized primarily by function—for example, Western Electric handled manufacturing and Bell Labs handled research. Now the company is structured around two product lines: long-distance service and telecommunications equipment.

In December A.T.& T. created A.T.& T. Technologies, which is expected to generate 40 percent of expected corporate revenues of \$66.5 billion this year, to make and market telecommunications equipment. The new group encompasses the old American Bell, which last year became A.T.& T. Information Systems. This unit, which is dedicated to sales and service, is itself subdivided into three sections—marketing, product development and service—each with its own president.

A.T.& T. Technologies also serves as the umbrella for A.T.& T. Technology Systems, which includes those parts of the old Western Electric that made computer and electronics products; Bell Laboratories, the research arm; and three units that produce and sell consumer telephone products, international telephone service, and switching equipment for other telephone companies.

For now, A.T.& T. Technologies is barely profitable, and former A.T.& T. managers, all of whom insisted on anonymity, say that at least part of the reason comes from an organizational structure that includes too many divisions and too many layers of management. For example, A.T.& T. Information Systems, which lost \$1 billion in its first year of operations, maintains four separate planning departments to map corporate strategies as well as strategies for sales, product development, and service. Former employees say that one or two planning departments would suffice.

## INVESTING / Anise C. Wallace

# What's Beyond the Big Market Surge?

Well, the long-awaited rally arrived. But many money managers think it will be short-lived, and not a replay of 1982's bull market.

ON Wall Street, as in nature, there is often a calm before the storm. Last Monday, for example, institutional investors were so reluctant to invest in the stock market that their apathy caused one veteran trader, Robert J. Chamine, a managing director of Wertheim & Company, to declare it "the slowest and most boring period" he had ever seen in the stock market.

But what a difference a few days can make. Within minutes of the market's opening last Wednesday, Mr. Chamine smelled a significant change. The market tone had improved tremendously, he said that morning. And by Thursday, institutional portfolio managers, afraid of missing the long-heralded and widely anticipated summer rally, tripped all over each other to buy stocks.

Previous records for trading volume were broken both Thursday and Friday, as more than 400 million shares were exchanged during the two days. It was a buying frenzy, and the Dow Jones Industrial Average shot up by more than 31 points on Thursday and 36 points on Friday, to close at 1,202.08, a gain of more than 87 points for the week.

This institutional panic buying came shortly after some prominent Wall Street strategists had become convinced that the rally was beginning. On Tuesday, before the buying binge, when the Dow closed at 1,115, Robert J. Farrell, chief market analyst at Merrill Lynch, said that if the Dow broke through the 1,125 level, "I'd have to say this is it." On Wednesday it happened.

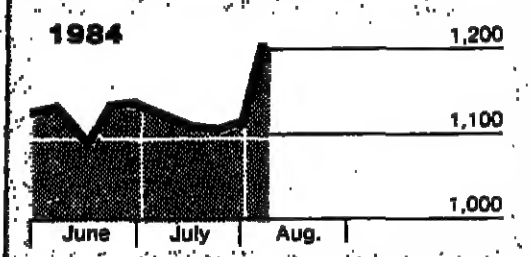
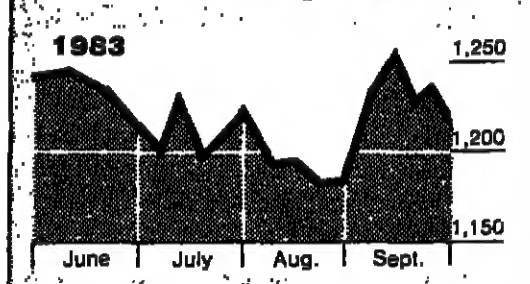
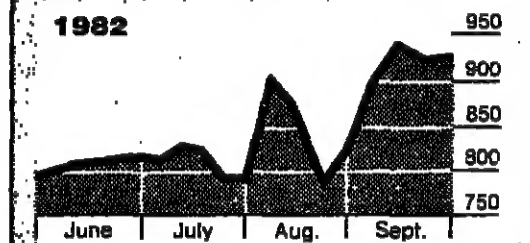
But many of these market watchers also agree that it may be a small and short-lived rally, not the beginning of another major bull market. "We don't think there will be a major improvement in stock prices," said Leon Cooperman, investment strategist at Goldman, Sachs & Company. Added Eric Miller, chief investment officer at Donaldson, Lufkin & Jenrette Inc., "I don't think we're looking at another August 1982."

Of course, as contrarians believe, the consensus opinion is often wrong—and a sustained rally may in fact have begun. In June almost everyone on Wall Street anticipated a summer rally, but the Dow fell a total of 17 points in July.

In general, the smaller companies had not been enjoying much of a rebound before the rally. And because of that relative weakness in the second-

## The Dow in Summer

The Dow Jones Industrial Average weekly close



ary issues, strategists are not anticipating a return to the heady days of late 1982. Even on Friday Mr. Farrell described himself as "still negative" on small growth stocks that had suffered earnings disappointments. "The bear market is not over for them," he added.

Most of these market watchers also believe that the stock market is behaving better simply because of the strength of the bond market. Since the Federal Reserve chairman, Paul A. Volcker, told the Senate Banking Committee that he did not think the Fed would have to tighten credit this year, bond prices have continued to firm in anticipation of inflation remaining low. And if the bond rally continues, they say, then stock prices should rise as well.

But if the bond rally fizzles, so too will any stock rally. If the bond market "started to fall apart, that would worry me," said Dean Witter's John Mendelson, one of the most bullish of the Wall Street crowd. And there are some investment pros who think that the bond market has been propped up by the enormous buying programs begun by the pension funds of Chrysler and Bethlehem Steel during July. Both made major asset allocation changes—each dumping almost \$1 billion in stocks to buy bonds.

What had made this market so confusing, say the professionals, is the "tremendous dichotomy" that existed between the bulls and the bears. Despite the signs of the slowdown in the economy, which would help lower interest rates and make bonds less appealing than stocks, there are some

investors who still think that high inflation may return and choke off the recovery.

Some of these portfolio strategists are not outright bulls because they don't see a dramatic change in the fundamentals of the stock market or the economy. Goldman's Mr. Cooperman said that since January he has had three prerequisites for a rally—lower stock prices, more institutional liquidity and greater stock-price stability in the face of disappointing earnings reports.

So far he has witnessed only two of these factors: Stock prices have dropped since the beginning of the year and institutional cash levels have increased. But he noted that when companies have issued poor earnings reports their stocks have been hit "severely." He pointed to Levi Strauss, Amerasia Hess and Fieldcrest Mills as recent examples.

Thus Mr. Cooperman is not overly optimistic about the durability of any rally. He thinks that yields on long-term Government bonds could fall to 12 1/2 percent from their summer peak of 14 percent. And such a move would cause the Dow to climb to only 1,200 or slightly higher. After that the market could fall again, he believes.

Mr. Cooperman is not joined in his caution by Dean Witter's Mr. Mendelson, who describes himself as "quite optimistic" on the stock and bond markets. A technician, Mr. Mendelson has been bullish since he began receiving buy signals from several of his indicators last spring. For example, fewer stocks on the New York Stock Exchange are hitting new lows, and the short selling by specialist firms as a percentage of total short selling is at its lowest level since July 1982, he said.

BUT the arguments of Mr. Mendelson and other bulls have failed to sway one large institutional investor with a mountain of cash. Richard Strong, chairman of the Strong Investment Fund in Milwaukee, is one of the more aggressive "market timers"—investors who swing from cash to stocks or vice versa when they see the market changing. His funds have been top performers in both 1983 and 1984. But he has been almost out of the stock market since the first quarter. All of his Strong Investment Fund's \$100 million is parked in commercial paper, as is almost 80 percent of his \$70 million Strong Total Return Fund and 90 percent of the \$830 million in separately managed pension accounts.

And he continues to avoid stocks despite the recent strength. The only way he would begin investing all of those assets in stocks, he said, is if he sees a return of high inflation or lower interest rates. Either of those opposite scenarios would make stock prices rise in value, he said. He admits to the possibility of short-term market rallies, but said, "I've never had success trading those kinds of moves."

Mr. Strong may be extreme in his avoidance of stocks, but he is not the only investor sitting on a pile of cash. The recent buying surge was driven by extremely high institutional cash levels. In June, for example, equity mutual funds had 10.5 percent, or almost \$12 billion, parked in cash instruments, said Mr. Cooperman. That was the highest cash level for the fund since July 1982—shortly before the market began its climb, he noted.

major retailers, which showed only moderate growth in July above a year earlier, and mid-July new car sales, which rose 15.7 percent.

The House slashed \$5 billion out of the Synthetic Fuels Corporation's funding and prohibited it from spending any more on its two largest projects. The action was a kind of compromise between the quasi-Government organization's opponents, who wanted to take \$10 billion out of its spending authority, and its supporters, who voted for the cut to avoid a larger one. The agency is now left with \$8.25 billion in the bank.

Textile Votes. The Reagan Administration, in an election-year concession to U.S. textile manufacturers, agreed to reduce the volume of imported textiles. The Government will tighten the "rules of origin" that permit a large textile exporting nation to assemble clothing in another country and export to the U.S. under that third country's quotas. Such a change could bar tens of millions of dollars in foreign textiles from the U.S. market.

Grumman won \$1.3 billion in contracts from the Navy to improve its A-6 bomber and F-14 interceptor aircraft. The contracts insured continued work for 6,800 employees and breathed new life into both plane production lines, keeping them in operation well into the 1990's.

White Knight. St. Regis found a merger partner—Champion International—enabling it to avoid the grip of Australian publisher Rupert Murdoch. The \$1.7 billion consolidation will create the largest paper producer in terms of sales, and would challenge International Paper, the country's No. 1 paper and pulp producer. Mr. Murdoch subsequently said he would not proceed with a tender offer, but stopped short of withdrawing from the fight. He also stands to make a profit of \$37 million on the St. Regis stock he owns.

Big Blue Overseas. I.B.M. and the Common Market agreed to settle a 10-year antitrust battle. In what some analysts called a symbolic concession, the computer maker agreed to disclose technical information about new models of its large computers several months in advance of their introduction so that competitors could more quickly produce compatible products. The agreement will end in 1990. The case was the Common Market's first challenge of such a large company.

Big Blue at Home. I.B.M. surprised investors by raising its quarterly dividend to \$1.10 a share from 95 cents—the first increase in 15 months. But it didn't surprise analysts in announcing a free new keyboard and other improvements for its slow-selling PCjr home computer.

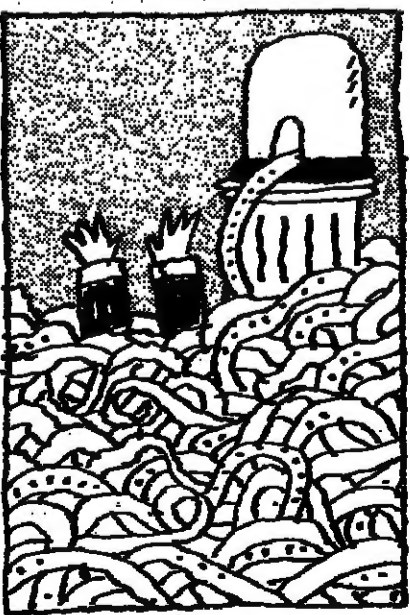
## WEEK IN BUSINESS

# The Best Week Ever on Wall Street

Wall Street went wild last week, as institutions poured billions of pent-up dollars into stocks and fueled the biggest week in Wall Street history. Encouraged by falling interest rates and prospects that economic growth had moderated to a sustained pace, trading on Thursday broke all previous records as 172.8 million shares changed hands, and the Dow soared 31.47 points. The earlier record had been 159.9 million shares set on Jan. 5. Then on Friday, the record was broken again as 236.5 million shares were traded and the Dow jumped 36 points ahead. The market barometer closed the week at 1,202.08, up 87.46, breaking the previous record gain of 81.24 points set two years ago. The question now: Will the rally continue? Not surprisingly, opinion was divided on Wall Street.

A major bond market rally accompanied the stock market frenzy. Investors surged back into the market, apparently convinced that interest rates were declining and encouraged by an unexpected \$1.7 billion drop in M-1, the basic measure of the money supply. Prices on Treasury bonds rose almost 3 points last week, or \$30 for every \$1,000 of face value. By week's end, the 30-year, bellwether Treasury bond was yielding 12.50, down more than one percentage point in the last four weeks.

Good Signals. Two indicators pointed to a distinct easing of eco-



Stewart Goldenberg

nomic growth. The Government's index of leading indicators fell nine-tenths of 1 percent in June, the first drop in 21 months. The news was welcomed by economists. "We need a report like that," one forecaster said. Meanwhile, the Labor Department reported the first rise in unemployment in 20 months—up four-tenths of 1 percent in July, to 7.4 percent—and another encouraging sign that growth is slowing. Other indicators included new home sales, which rose six-tenths of 1 percent in June, sales by

## The New York Stock Exchange

### MOST ACTIVE STOCKS WEEK ENDED AUGUST 3, 1984

(Consolidated)	Sales	Last	Net Chng
AT&T	12,472,100	19 1/2	+ 1 1/2
IBM	8,459,800	120 1/4	+ 1 1/2
Exxon	8,294,300	39 1/2	- 1 1/2
Mer Lyn	8,231,700	31 1/2	+ 7
Ford M	7,825,700	43 1/2	+ 4 1/2
St Regis	7,563,800	48 1/2	+ 4 1/2
G Mot	7,365,900	72 1/2	+ 4 1/2
Chrysler	7,149,400	29 1/2	+ 2 1/2
St O Ind	6,602,300	54 1/2	+ 1 1/2
Mobil	6,524,800	24 1/2	+ 1
Ea Kod	6,044,800	78 1/2	+ 2
Sears	5,770,500	34 1/2	+ 2
Conill	5,436,900	4 1/2	- 1/2
Chmpln	5,267,400	18 1/2	- 1/2
Am Exp	5,256,400	33	+ 5 1/2

### Standard & Poor's

400 Indust	184.5	189.5	184.2	+12.82
20 Transp	140.4	121.9	136.4	+17.01
40 Util	68.0	64.9	67.6	+ 2.17
40 Financial	163.1	147.7	163.3	+ 1.60
500 Stocks	162.5	149.8	162.3	+11.16

### Dow Jones

30 Indust	1213.3	1103.2	1202.0	+87.48
20 Transp	537.2	462.6	525.6	+59.07
15 Util	128.2	122.2	126.4	+ 2.16
65 Comb	474.8	429.1	468.5	+35.30

### The American Stock Exchange

#### MOST ACTIVE STOCKS WEEK ENDED AUGUST 3, 1984

(Consolidated)	Sales	Last	Net Chng
Wang B	3,440,400	31 1/2	+ 6
AMot	2,940,200	16 1/2	+ 2 1/2
TIE	2,271,100	11 1/2	+ 1 1/2
Crypto	1,635,100	7 1/2	- 1/2
Amdahl	1,456,600	12 1/2	+ 2 1/2
DomeP	1,242,900	2	+ 1/2
DataPd	837,500	19 1/2	+ 2 1/2
OzarkA	829,900	9 1/2	+ 1 1/2
Bowne	766,000	15 1/2	+ 1 1/2
GifCd	744,700	11 1/2	+ 1/2

#### MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
636	184	901	43	103
470	12	179		

#### WEEK'S MARKET AVERAGES

High	Low	Last	Chng
109.4	100.9	109.4	+ 7.54
87.4	77.4	87.4	+ 10.25
46.4	44.3	46.2	+ 1.62
86.3	79.1	86.9	+ 7.60
93.2	86.2	93.2	+ 8.22

#### New York Stock Exchange

Indust	Transp	Util	Finance	Composite
109.4	87.4	46.4	86.3	93.2
100.9	77.4	44.3	79.1	86.2
109.4	87.4	46.2	86.9	93.2
+ 7.54	+ 10.25	+ 1.62	+ 7.60	+ 8.22

#### VOLUME (A.M. New York Close)

Total Sales	Same Per. 1983
686,162,760	400,860,440
13,654,668,540	13,086,179,975



# The New York Times

Founded in 1851

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## The Dark at the Tunnel's End

Our colleague, M. A. Farber, so convincingly described the dark side of New York City's subways last week, it seems implausible that anyone will ever find light at the end of the tunnel. No improvement is likely without even more capital to restore a starved, neglected railroad. But even more capital will be wasted if dispirited managers fail to get a grip on their mission. The dirt, discomfort and delays are only symptoms of a long decay that a civilized community should attack as intolerable.

New rail systems are running or abuilding in at least 10 American cities, with mixed results and promise. As they age, they, too, will discover that rail transit produces a debilitating tug-of-war between passengers and taxpayers and between transit workers and system managers. These struggles in turn tempt managers to skimp on maintenance—and politicians to run from the problem.

The bigger an urban mass transit system, the tougher the job of maintaining rights-of-way, rolling stock and stations. The older the system, the more likely that population and job shifts have removed a large part of the users. But the underlying problems are political, starting with the need for subsidies and the public's resentment of changes that might enhance efficiency.

Abandoning a station or a line, even reducing a schedule, is greeted as an act of official vandalism. Change in civil service rules is denounced because it rewards ability in the workshop, not in the examination room. Incentive pay is criticized as wasteful or dangerous to safety. In the ensuing fracas, hardly anyone is left to lobby for the public as a whole.

The consequences in New York have been tabulated by Inspector General Sidney Schwartz, State Comptroller Ned Regan and Mr. Farber. In the past year there were 61,000 train delays, twice as many

### New York's Quality of Life



as 10 years ago. A third of the trains ran more than four minutes late. At least 10,000 orders for spare parts and supplies were backlogged, for months, by computer failure. Repair shops are dirty, cold and ill equipped. More than 20 percent of the parts used for reconditioning had already surpassed their normal life. Only 100 of 6,400 maintenance employees were qualified to read electrical prints. Passengers ride filthy trains, defaced by menacing graffiti. They often sit in the dark, pass through ill-functioning doors, walk corridors that reek of urine. Felony crimes are up 14 percent in a year. Smoking, spitting and fare-beating are common.

How can a decent system evolve from the present shambles? Only by the imposition of management systems that offer incentives, discipline and pride in performance. By freeing the Transit Authority to choose, promote and dismiss supervisors. By letting it reduce and expand service as traffic justifies. By punishing political leaders who fail to rally a constituency for transit recovery.

Change requires a recognition that much as New York needs subways, their survival is by no means assured. There are limits to the available tax subsidies. Grave accidents or collapses may make abandonments imperative. The public and its leaders and the transit system and its workers need to define their common interest. The subway cord that binds New York City must not end up strangling it.

There is no higher municipal priority. There is no better measure of a Mayor and a Governor.

## Misleading Indicators

The Government's index of "leading economic indicators" dropped nine-tenths of 1 percent in June—the first drop in almost two years, some news reports said. True, but misleading.

The index is a composite of 12 monthly statistics that tend to foretell trends. Claims for unemployment insurance, for instance, predict shifts in unemployment. New building permits signal future construction. When all 12 numbers are blended and the index rises or falls consistently, it's saying general activity will rise or fall. When the index reverses direction for a few months, turning up in recession or down in a boom, it's signaling change.

One month's reversal is meaningless (also in the case of the erratic upturn in July's unemployment). The "leading" index often bobs up and down after a boom or recession is more than a year old. Besides, it's routinely revised. In the year before June, four minus months were revised into pluses; March swung from minus 1.1 to plus 0.3 percent.

That's because the index is first published four weeks after a month's end, without 2 of the 12 components—inventories and loan activity.

Why doesn't the Commerce Department wait for final numbers? That would take three or four more weeks—too long for impatient planners, forecasters and the media. As is, the leading indicators only signaled the last recession by a hair; it began three months after the index started pointing down. But the index has also signaled one recession 23 months before the fact; the average lead time over three decades has been 9½ months.

No economist relies on any single statistic for the whole picture, and most wait to see three months of this index before calling a trend. But the heightened attention this statistic gets warrants its perfection. With recovery now 20 months old, and an election at stake, the American economy attracts global interest. Steady but slower growth is desirable. Misleading indicators won't detect it.

## Dog Days

We know a man who lives at the top of New England, where the farms are growing back to forest. He's seeing moose tracks replace the deer tracks around his place. These are three times larger, less prim and pear-shaped and have a magisterial impact. They look rangier and seem to move directly across the woods and fields and ponds (a moose can submerge completely while eating water lilies), wherever the moose has wanted to go, as if the wilderness had somehow got its second wind and was returning after all.

Our friend regularly confronts a fox in the instant vicinity of his chickens, and coyotes come down off the mountain to swim after his geese. Frustrated by a brave gander, one of them once invaded his garage and hauled away a 25-pound sack of dog food to maul and devour.

The man's dog, like other dogs, sleeps four-fifths of the day as part of its predatory heritage—husbanding strength for the intense hunts that are to come. Dogs are with us because of their need to be led (a pathological need, it might seem to a wild animal). But the trouble, for dogs, is that our leader-

ship is so seldom made real. They sleep and sleep, being roused occasionally to fetch a stick or "beg," while they wait through the centuries to defend our homesteads under siege again and for us to lead them on that promised hunt-of-hunts that nowadays never comes.

Even with the moose imprinting their two-toed insignia in our friend's garden and frog pond, he isn't leading his dog on any hunts. But he does camp out with him on the mountain.

As soon as they are settled, the dog stops exploring and curls up at the head of his sleeping bag to guard him. Later, past midnight, he may hear the dog stand up and utter a single warning woof, and hear the crash of a wild animal that had been approaching unawares suddenly backing up. He never knows for sure whether it was really a moose, a fox, a coyote, a prowling bobcat, the local she-bear, which has three cubs this summer, or only a modest raccoon with a scruffy burglar's mask.

In fact, he hardly cares, so long as it might be any one of them—and doesn't know who's happier on these trips, he or his dog.

### Topics

## Good and Bad Sports

### Discounted Gold

William E. Bounds of Torrance, Calif., patented a flag-waving machine last month. Nice try, Mr. Bounds, but it'll never beat television coverage of the Olympics.

Jim McKay and his ABC-TV colleagues have been waving the flag harder than any machine for a week now, and the Games aren't half over.

Americans have indeed done well—some spectacularly. In the first 6 days of competition, they have won 29 of 69 gold medals.

That's reason for pride, even if tempered by awareness of the Soviet boycott. In the Moscow Games in 1980, when America led the walkout, the athletes from countries now boy-

cotting Los Angeles won 233 of the 312 gold, silver and bronze medals in major sports. They would have won a good share last week. Some new "world" records would have been even better if the whole world were competing. The boycott hurts; the machine-like flag-waving pains.

### The Cheating Urge

A high-ranking Boston bridge team is officially accused of using facial gestures and other signals to cheat on bidding during the recent national championships in Washington. Why is the urge to break the rules so powerful in a sport where relatively modest sums of money are at stake?

Bridge produces frustration that hits a deeper passion than mere greed. By definition it is an exercise in inhibited communication. Partners may tell each other what cards they hold but only in permissible circumlocutions. Since bidders already use a special sign language to convey their holdings, the challenge to supplement it is enormous.

Perhaps the villainy is rooted in partnership, the collective urge for victory at any cost. Only lonely sports promote self-incrimination. Or perhaps the golfer who, alone in the woods, calls a penalty on himself because his ball moved after he addressed it, is simply a masochist, which is why he plays golf in the first place.

### Letters

## Phones: Who Subsidizes Whom?

To the Editor:

In your July 23 editorial "A Dangerous Telephone Disorder," you advocate that phone charges for still-regulated services be changed to reflect "true cost" and indicate that the public misunderstands the purpose of the so-called "access charges."

While the public obviously does misunderstand the proposed access charges, it is also obvious that you fail to recognize that there is no "true cost" for an individual service in a business system as complex as the phone industry.

Any cost determination requires numerous arbitrary judgments that can result in widely varying answers. The typical, long-drawn-out proceedings before regulatory bodies considering telephone rate changes should be convincing evidence that there is no absolute truth in a supposed true cost.

An objective analysis, unbiased by any overriding philosophical commitments to free-enterprise theory and to deregulation, might well conclude that local phone service has not been "subsidized" by excessive charges for long-distance and business service. Instead, there could well have been a legitimate reimbursement to the local networks for their expenditures in expanding facilities and services to pro-

vide efficient handling of the ever-increasing volume of commercial calls, both local and long-distance.

It might also be found that there should be a reallocation of the charges assessed against the new long-distance competitors for the access and use of the existing local networks. Without these local facilities, upon which they are dependent for wide coverage, the new competition would be faced with major outlays. As it is, it would appear that they are getting a free ride at the expense, largely, of A.T.&T. and ultimately local subscribers.

You concede that "America did get good and universal services at reasonable prices" and do not question the wisdom of "the underlying policy objective to speed the telecommunications revolution through deregulation." But the present "dangerous disorder" is the result of too much speed, induced in part at least by the pressures of private interests seeking undue advantage in the long-distance market, and should not be blamed on A.T.&T.

Some fundamental changes in policy are needed to forestall even greater disorder in this essential public service.

JOHN C. KOHL  
Moorestown, N.J., July 25, 1984

## Tainted Spirit of the Olympian Olympics

To the Editor:

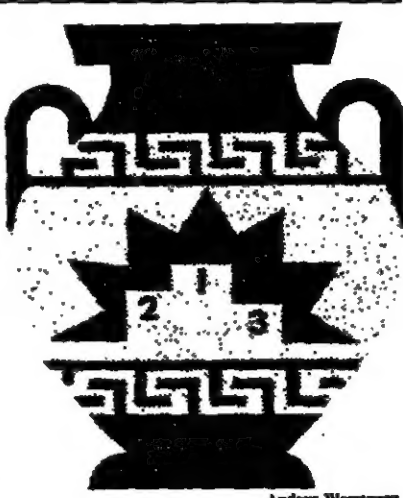
With more nostalgia than accuracy, Flora Lewis laments the nationalism of the Olympics and hopes for the suppression of national flags and anthems and teams ("Whole Earth Olympics," column July 26). She recalls "the original Olympic spirit," providing for a truce "to celebrate individual athletes," and calls for "returning the competition to sport for sport's sake."

In fact, the Olympics were part of one of the four Panhellenic Festivals, the most important religious celebrations in ancient Greece. The Olympics celebrated Zeus, not athletes. The military truce was for the sake of Zeus, not sport.

And sad to inform Miss Lewis, the athletes and events were as nationalistic as a group of fiercely individualistic, competitive city-states could make them.

Each athlete competed for his city (which selected him and paid for his training). If he won, the city celebrated his victory and gave him power, prestige, rank (several were made generals) and money—often lots of it. No sentimental stuff about playing the game for its own sake. Further, many games were inspired by that most nationalistic of events, war—foot racing in armor, javelin throwing and, most prestigious of them all, the four-horse chariot race, among others. And like war and religion, Olympic games were too important to allow women to participate.

Thus "the original Olympic spirit," Miss Lewis may wish for Olympics that would stem the tide of nationalism and would be devoted to the talents of individual athletes. But this is modern thinking. Neither



Anders Wenngren

she nor her readers should be under any illusion that the ancient Olympics were some sort of fun-and-games exercise in brotherhood.

MEL A. TOPP  
Bristol, R.I., July 30, 1984

To the Editor:

Flora Lewis's proposals for "reversing the tide of nationalism" in the Olympics are much like our modern athletes—far too modest. If we truly wished to eliminate nationalism from the Games, we would emulate the ancient Greeks and require all athletes to compete in the nude.

Although this policy would have dire consequences for sporting goods manufacturers, it could lead ultimately to the end of politics in the Olympics. After all, Commies and supply-siders are fundamentally indistinguishable in their birthday suits.

TERRY KRUGMAN, MIKE NIXON  
Washington, July 29, 1984

## Durable Dating Ads

To the Editor:

In his column on personal ads (July 26), Sydney Schanberg asks the right questions but comes up with the wrong answers. The reason for the enormous growth in such ads (as well as dating services) is that, while our society's rules of meeting and courtship were developed for people between the ages of 16 and 25, millions of singles are now 31, say, or 43 or 56—or older. For most of them, meeting members of the opposite sex is very difficult—more difficult, surely, than earning a good living. That's why the prediction that the personal ad "fad" will be over by next year is nonsense.

WILLIAM NOVAK  
Newton Centre, Mass., July 29, 1984

## Robots' Role in Bettering U.S. Workers' Lives

To the Editor:

In his July 29 letter, "As Robots' War on the U.S. Work Force Intensifies," Prof. Lawrence R. Zetlin concludes that Federal support should be given to those sectors of industry that produce a high quantity and quality of output without reducing the labor component of the product. If such economic Luddism were carried to its logical conclusion, we should also discourage the use of mechanization.

Surely the progressive way to resolve the conflict between worker and robot is for the Government to support the introduction of robotics into industry, but only if part of the savings so produced are used to retrain displaced

## Mondale's 'Goof' On Raising Taxes

To the Editor:

Much of Joseph Rauh's advice on "How the Democrats Can Win" (Op-Ed July 29) no doubt has validity. But I cannot agree with his approval of Walter Mondale's evident honesty in promising the American people higher taxes if elected. I believe that this was yet another of Mondale's goofs, and possibly a serious one.

I am not at all sure that what the American public wants to hear is "the truth" or the harsh "facts of reality." I suspect they (and perhaps all people) prefer illusions, myths and perhaps even delusions—they are easier and more pleasant to live by.

Ronald Reagan appears to know this only too well—after all his many years acting out every man's dreams in the make-believe world of Hollywood. Mondale is very much mistaken if he thinks he can challenge his opponent in a duel of "honesty," or facts or figures. These may be an issue but are not at all in Reagan's script, nor of primary concern to the voters. Reagan can never be made to admit that he may indeed raise taxes; he would rather leave the voters with a vague hope that perhaps he won't.

Instinctively, perhaps, Reagan seems to have a far better grasp than Mondale of what the American public wants. Reagan, of course, is not the first world leader to play upon a nation's preference for dreams and illusions—even if they end in disaster. Nevertheless, the miracle of a Democratic victory is possible—her name is Geraldine Ferraro. S. LEWEN  
New Paltz, N.Y., July 31, 1984

## Pragmatic, Legal PAC's

To the Editor:

"Going for the Jugular on PAC Money," a feature on your July 30 Washington Talk page, is the latest in a long and tiring series of newspaper articles attempting to discredit political action committees.

In a sense, these articles are "news" because of the naïveté of the general public regarding campaign financing. It takes money to get elected, and issues today transcend Congressional district boundaries.

There is little to be amazed at when a PAC from California chooses to support a U.S. representative from Ohio because of his or her committee assignments, which might impact the business the PAC represents. That is politics—pragmatic, legal politics.

The other item continually harped on by anti-PACites is the escalating costs of conducting a Congressional campaign. In 1982, candidates for Federal legislative offices raised a total of \$354.7 million. That's a lot of money—even in New York. But let's put it in perspective. The American people spend that much on candy every six weeks.

Through political action committees, more Americans than ever before are becoming involved in politics. In other words, the American political naïveté is being reduced. Can that be all bad?

ROBERT J. ROEMER JR.  
Buffalo Grove, Ill., July 30, 1984

## An Israeli Electoral System That Frustrated Even Ben-Gurion

To the Editor:

Your otherwise excellent editorial "Fragmented Israel" (July 25) contains the sentence "Democracy flourishes in Israel, but government flounders." Yet does not the second part of the word democracy contain a call to rule (kratēn in Greek)?

David Ben-Gurion had it right when, addressing the Knesset as early as 1956, he said: "With the strange electoral system of Israel the entire political system is not only undemocratic from the bottom up, but it endangers the development of the state as well as of a political consensus, and it undermines the state's position both in its domestic life and in its foreign policy."

Ben-Gurion did his best to obtain repeal of proportional representation. When he returned from retirement, he made one last attempt: His new party, the Rafi, was to secure enough seats to exclude the possibility of any coalition without its participation, the price for which would have been the abolition of P.R. He failed, and so did Professor Yadin when he made a similar attempt in 1977. The vested interests that P.R. never fails to develop were just too powerful.

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

There has, of course, always been the possibility of the two major parties combining to change the electoral system. If they should form a coalition, they would, however, face the combined onslaught of the parties to their right and their left, which would have a field day exploiting the troubles inseparable from the cooperation of old adversaries.

Therefore, there would either have to be new elections immediately under the revised electoral system, or one party would have to "tolerate" a government by the other by abstaining on crucial votes.

Such ventures take some doing, and many have advocated simply raising the threshold for the attribution of seats, which now stands at a ludicrous one percent.

Even that would not be easy, and if it were done there would be the warning of West Germany's recent experi-

ence: in elections for the European Parliament, the obstreperous Greens made it, and the moderate Free Democrats failed. Should national elections ever have a similar result without one of the major parties performing the difficult feat of obtaining a majority of the seats, the formation of a government would be about as difficult as it is now in Israel.

Therefore, Israel's proponents of electoral reform would do well to set their goal as high as possible. Ben-Gurion never left any doubt as to where he stood. In a letter to me, dated Nov. 7, 1970, he wrote: "I always considered the British electoral system as the best, just as ours here in Israel is the worst."

FERDINAND A. HERMENS  
Washington, July 28, 1984

The writer is research professor at American University's College of Public and International Affairs.

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## IN THE NATION

Tom Wicker

## Forty Years After

Thirty-nine years ago this week, on Aug. 6, 1945, the Enola Gay opened its bomb bay doors over Hiroshima, and the United States became the first and only nation to use nuclear weapons against another.

On this somber anniversary, a public campaign is being launched to achieve an end to all nuclear explosions by the time of Hiroshima's 40th observance in 1985.

Such a campaign is not as far-fetched as it may sound. Once before, beginning in the Eisenhower Administration, a moratorium on all nuclear testing was observed by the United States and the Soviet Union. Twice before, in the Kennedy and Carter Administrations, a comprehensive test-ban treaty (C.T.B.T.) was nearly achieved.

The Kennedy effort ended in the Limited Test Ban Treaty, banning nuclear explosions in the atmosphere. The Carter negotiations were virtually complete, with the Russians agreeing to on-site inspections for verification, when Moscow's invasion of Afghanistan and the resistance of the U.S. military and the national nuclear laboratories scuttled the treaty.

Then Ronald Reagan took office and began a nuclear buildup that caused him to renounce any intention of negotiating a test ban. Mr. Reagan therefore gave the back of his hand to the legal treaty commitments his predecessors had undertaken. In the Limited Test Ban Treaty of 1963 and later in the Non-Proliferation Treaty (N.P.T.) of 1970, both ratified by the Senate, the United States had solemnly pledged its best efforts to bring about an end to nuclear testing.

Renewed nuclear proliferation is one good reason to bring public pressures on Mr. Reagan — if he should be re-elected — to seek a comprehensive test ban. At their last review conference in 1980, N.P.T. signatory nations warned that if the nuclear powers did not make progress toward ending nuclear tests by the time of their next conference in 1985, some might withdraw from the N.P.T. and resume nuclear weapons development. But the only thing that's been done about nuclear tests has been to conduct more of them here in the United States and in the Soviet Union.

Nonproliferation is only one reason. Dr. Glenn T. Seaborg of the University of California, who was the head of the Atomic Energy Commission under Presidents Kennedy and

## Time for a fresh attempt to ban all nuclear testing

Johnson, observes in a statement supporting the new drive for a comprehensive test-ban treaty that such a treaty would "halt that aspect of the arms race that is most threatening, the qualitative improvements in nuclear weapons."

A relatively simple step to take and enforce a C.T.B.T., as Dr. Seaborg points out, also would produce "new momentum" in more complex arms-control negotiations. And such a treaty might open the way for improved Soviet-American relations across the board.

Dr. Seaborg prepared his remarks for a Washington news conference to be held on Aug. 6 at which the new C.T.B.T. campaign will be announced by the Center for Defense Information, which hopes to generate worldwide support. W. Averell Harriman, the American negotiator for the Limited Test Ban Treaty, and numerous scientists and scientific organizations also are expected to register their backing.

Walter Mondale, the Democratic Presidential nominee, announced in the spring that if elected he would observe a moratorium on nuclear testing as long as Moscow did, as a step toward renewing negotiations for a comprehensive test ban.

The predictable opposition will center, first, on the supposed difficulties of verification. But aside from the Soviet Union's stated willingness to accept on-site inspection, the scientific evidence is overwhelming that nuclear tests above one kiloton in magnitude (smaller explosions have little value for weapons development) can be detected by seismic means.

Opponents also will argue, as before, that testing is necessary to keep weapons in the nuclear stockpile in working order. In fact, "meticulous inspection and disassembly" have been the main reliance for such checkups, a former director of the Los Alamos laboratory has testified.

These spurious arguments have prevailed in the past. But the real reason for testing is to develop and improve nuclear weapons; and the best reason for a comprehensive test ban is to put a stop to that, here, in the Soviet Union, and anywhere else it might be contemplated.

By Pranay Gupte

If it does nothing else, the International Conference on Population, in Mexico City next week, will have achieved a major victory if it succeeds in alerting the American people in general — and the Reagan Administration in particular — to the seriousness and complexity of the world's population problems.

I admit to being startled at how many people in the West, particularly in the United States, still scoff at the whole notion of an overcrowded planet. They dismiss development assistance as having been a failure because of alleged waste and corruption. But any reporter who has been to poor countries and bothered to talk to ordinary people will testify that small, not large, families are generally desired and that when given the opportunity and means to limit family size most people will generally do so. When it is demonstrated to people that "small is beautiful," their choice will be for small families, not large ones.

But people in the poor countries need help — more help, it appears, than we seem prepared to give them. They need specific assistance for stimulating their own consciousness concerning family size, for educating their women, for bringing down in-

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## Family Size: Small Is Beautiful

fant mortality rates. They need comprehensive information on contraceptive — and their governments need the economic assistance to make these contraceptives widely available. More information is needed to enable people to make their choices about contraception, about which kinds of contraception have what sort of aftereffects. I am not suggesting that the third world be blanketed with contraceptives, but I do think that if people wish to regulate their fertility, then they should have the technical means to do so.

All this also takes time. There are no quick fixes, no facile, catch-all solutions to the world's "population problem." While the world's overall population growth rate is slowing down, the annual decrease of the growth rate still is taking place from a very high level of numbers. It is going to take decades of patient, persistent efforts at the grassroots to educate people and to improve their health care and living conditions. I hope that the West and third world countries join hands to deal with our "population problem." It is not enough for the poor countries to rely on the magnanimity and concern of Western countries to support and sustain population programs: they themselves must accelerate their do-

mestic investment for such programs.

There is an intimate connection between population and development and between development and peace. Excessive population pressures make it difficult to grow enough food, create enough jobs and train enough teachers and doctors to meet the needs of a society's expanding population base. Such population pressures exacerbate hunger, unemployment, ill health and other social malignancies, and people become angry and resentful: throughout much of the third world there now exist political and social tensions that can only

explode into violence. These dire possibilities should not be minimized. The world's annual population growth rate may be slowing down, but this is largely because the falloff has come for the most part in the industrialized countries of the West. Birth rates in most of the third world continue to be frighteningly high, and the world is adding more and more people every year to its rolls because its overall population base keeps expanding. By the end of the century, we may be adding some 100 million people to the world's population each year. In a few years, more than six billion people will enter a new century.

I fear that we may be on the verge of an unprecedented population crisis. I fear this especially because at a time when more resources are needed for population programs of all kinds, inflation and governmental neglect in the West particularly are undermining current population efforts. Under pressure from right-to-life groups in the United States who express concern about abortion programs abroad, the Reagan Administration recently drafted a position paper that calls for less American aid to worldwide population programs, asserting that "population control is not a panacea" and that a lack of

free-market incentives is a more powerful cause of third world poverty than overpopulation. The prospect therefore is that we will weaken, rather than strengthen, our traditional commitment to population concerns around the world.

Yet the President does not seem to be listening to some of his own people. Secretary of State George P. Shultz has said that excessive population growth underlies third world poverty and undercuts opportunities for economic progress. Mr. Reagan's chief delegate to the United Nations, Jeane J. Kirkpatrick, says that giving development assistance to poor countries without helping them lower their birth rates is like pouring water into a bucket with a hole in it. Over and over again, it has been shown that population assistance has won Washington more friends than handing out developmental aid or weapons. As an instrument of foreign policy, population aid has been the best investment the United States has made.

Compassion and caution will win more people over to recognizing that a smaller family offers more for each of its members. When you advocate family planning, you are interfering with the most private and sensitive aspect of human relationships. You cannot, indeed must not, tread heavily into people's bedrooms, however poor they might be. But you can help structure people's choices so that they make prudent and voluntary decisions concerning family size — decisions that affect not only themselves but also the societies in which they live.

## Properly treating the world's poor



## Debris From the Tonkin Resolution

## Lessons Of '64 And After

By Allan E. Goodman and Seth P. Tillman

WASHINGTON — Twenty years ago this month, an incident at sea, minor in itself, set in motion events that would carry America into its most divisive war. The events in the Gulf of Tonkin and the war in Vietnam that followed pitted the nation against itself, set the stage for the abdication of one President and the resignation of another, and generated a rebellion in Congress that placed that body in temporary command of foreign policy while shattering the imperial Presidency.

On Aug. 2, 1964, President Lyndon B. Johnson received this report from the White House Situation Room: "Early this morning the U.S.S. Maddox was attacked by DRV PT boats while on patrol approximately 30 miles off the North Vietnamese coast in the Gulf of Tonkin. . . . The Maddox reports no personnel or material damage." Two days later, both the Maddox and the destroyer C. Turner Joy reported that they were "under attack" by North Vietnamese boats.

Without awaiting confirmation of the second "attack," Mr. Johnson, on the advice of Secretary of Defense Robert S. McNamara, ordered retaliatory air strikes against North Vietnamese torpedo boat bases and oil storage dumps. He also seized the opportunity to obtain Congress's adoption, on Aug. 7, of the Gulf of Tonkin Resolution. This stated that Congress "approves and supports the determination of the President, as Commander in Chief, to take all necessary measures to repel any armed attack against the forces of the United States and to prevent further aggression."

Whatever the ultimate verdict of history on the resolution, it will turn on two sets of factors: first, on what precise evidence did President Johnson order the air strikes? Second, what did Congress intend and author-

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## Today, Caution First

By Fred Branfman

WASHINGTON — No flags will fly on Tuesday, the 20th anniversary of the Gulf of Tonkin Resolution. No Presidents will meet, no ceremonies will mourn the millions who died from the decision made that fateful day. But if we cannot celebrate the resolution, we must remember it. For the ghosts of Tonkin are being resurrected in a Congressional debate over another Gulf — the Gulf of Fonseca, in Central America.

Some of our leaders do remember. Senator Edward M. Kennedy recalled recently that only two members of the Senate asked at the time what the resolution was about. Only two men

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ized in the joint resolution?

On the first question, as we now know, the facts did not fully support Mr. Johnson's reaction. The Maddox fired first on Aug. 2 as its commander radioed that he was being approached by three high-speed PT boats "with the apparent intention of launching a torpedo attack." Yet it was only 28 minutes after American firing began that the North Vietnamese commander allegedly launched two torpedoes. Moreover, both the Maddox and Turner Joy were on an aggressive patrol that took them within what North Vietnam considered its territorial waters. After the first incident involving the Maddox, the Joint Chiefs of Staff ordered both ships "to continue the patrol" while a secret South Vietnamese amphibious operation was launched against North Vietnam. Viewed from Hanoi's perspective, Washington could have appeared to be planning to attack North Vietnam.

The questions of who shot at whom and with what intention have never been answered fully. It is still not clear whether and how many torpedoes attacked our ships, whether in the second alleged "attack" the ships actually came under gunfire, whether the Maddox sonar man correctly interpreted what he heard and why his counterpart on the Turner Joy (a ship with much more sophisticated sonar) heard nothing.

It may be granted that the ships' commanders believed they were under attack, but it is open to question whether the evidence made available to Mr. Johnson and Mr. McNamara

was sufficiently conclusive to justify the President's action. Both were obviously in a mood to strike back, and it seems likely in retrospect that they seized upon evidence that supported their preconception.

As to Congress's intent, there would seem no valid basis for crediting the contention of the Johnson Administration — made at a later stage of the war — that the resolution, combined with the Southeast Asia Treaty Organization pact of 1954, constituted the "functional equivalent" of a declaration of war. At the time, neither the President nor Congress regarded the resolution, despite its language, as an authorization for war. Indeed, Mr. Johnson was engaged in a reelection campaign against Barry Goldwater and was building his cam-

paign upon public fears that Mr. Goldwater would take the nation into war. Even the long legislative history of the resolution stressed the same theme. Senator J. W. Fulbright, floor manager of the resolution, said in debate: "Speaking for my own committee, everyone I have heard has said that the last thing we want to do is to become involved in a land war in Asia."

In the short term, the "attacks" and resolution provided Mr. Johnson with a base on which to build a consensus for the rapid military escalation that followed his election victory. The long-term result was a tragedy for the nation and Mr. Johnson.

Convinced it had been deceived and manipulated, Congress moved in the years following Tonkin first to re-

strict the Johnson and Nixon Administrations in their conduct of the war, then finally in 1973 to mandate a total end to our military involvement in Indochina. It dismantled trappings of the "imperial Presidency" through measures culminating in the far-reaching War Powers Act of 1973.

There are three lessons to be drawn from the Tonkin experience. Although Congress can be ignored, manipulated or deceived for a time, the longer-term result, especially in conditions of protracted military involvement, is almost certain to be disaster for the President and his policies.

The lesson for Congress is one of responsibility. Having oscillated for decades between obsequiousness and vindictive opposition to the President in foreign policy, Congress still has to define for itself a role combining responsiveness and good will toward the executive with the careful, dispassionate exercise of its own independent judgment. The lesson of the resolution for Congress itself is obvious and compelling: Never enact laws and resolutions that say something wholly different from what is intended and expected.

For the nation, Tonkin teaches that our system of separated powers, checked and balanced against each other, can function only when there is trust and confidence between the branches of government, and these can exist only when there is truthfulness and good faith.



said: "Hold up. Let us get into this. Let us find out what is really intended." Everyone else, including Mr. Kennedy, voted for the resolution — to his lasting regret. What lesson does he draw for today? "I am going to make sure, to the extent that I can, that the members of this body are going to vote yes or no before the young people of my state are sent overseas again, whether it is in jungles in Central America or in other parts of the world."

Many of his colleagues still do not agree, and in June the Senate defeated, by a margin of 63 to 31, his proposed amendment, co-sponsored by Senator Mark O. Hatfield, requiring Congressional approval for Presidential war-making in Central America. The issue will nevertheless be raised again in coming months, and when it is the Senate would do well to recall what happened on Aug. 7, 1964, the last time a President requested a virtual declaration of war from the Congress.

President Lyndon B. Johnson based his request that Congress approve the resolution on the claim that American warships had been attacked without provocation in the Gulf of Tonkin. The Defense Department had reported on Aug. 2 that the United States destroyer Maddox had undergone an "unprovoked attack" by

three North Vietnamese PT-type boats, and two days later the Pentagon had reported a second attack, on the Maddox and the C. Turner Joy.

Congress accepted the President at his word. With only Senators Wayne L. Morse and Ernest Gruening dissenting, the House and Senate passed a 185-word statement authorizing the President "to take all necessary measures . . . to prevent further aggression" against United States armed forces. These words became the sole legal justification under which 2.7 million American youths were sent to Indochina, 50,000 of them to die, and more than 10 million Indochinese were killed, wounded or made homeless.

It was later revealed, in the Pentagon Papers and elsewhere, however, that the President's descriptions of both attacks were untrue. We now know that the first attack, on the Maddox, was indeed provoked by the President's decision in February 1964

to accelerate attacks on North Vietnam by South Vietnamese commandos supported and monitored by American warships like the Maddox.

As for the second attack, it may never have happened at all. Although the ships' radar showed blips that could have meant Communist gunfire, the radar had a history of malfunctioning in the heavy summer weather of the Gulf and no one has yet produced any other evidence of hostile fire. At the time, even the captain of the Maddox was uncertain what had happened. Yet President Johnson said nothing to Congress or the American people to indicate that the evidence was questionable.

Senator J. W. Fulbright, who managed the Tonkin resolution through the Senate, soon repudiated it and succeeded in repealing it in 1971. Dissatisfaction with the resolution also contributed to passage of the War Powers Act in 1973, requiring Congressional approval within 60 days of a Presidential commitment of United States armed forces.

Yet many in Congress now believe that the War Powers Act is inadequate, as today's debate over intervention in Central America shows clearly enough. Under the provisions of the act, for example, President Reagan is still free to bomb, blockade,

or invade Central America without prior Congressional approval.

Representative Thomas S. Foley has won passage of an amendment that would require prior Congressional approval of any such Presidential war-making. This amendment, passed in early May, marked the first time in post-World War II history that Congress has moved to prevent unilateral Presidential war-making.

The question is not closed, however, and supporters of the Kennedy-Hatfield amendment have vowed to fight throughout the fall for its passage in the Senate. Aided by polls showing that the public opposes United States intervention by a margin of 4 to 1, they may eventually prevail. If it passes, it will be thanks largely to the ghosts of Tonkin, that far-off place where a generation lost faith in its President.

We do not in this country hold memorial services for the more than one million Vietnamese, Cambodians and Laotians who died as a result of our actions in Indochina. We have at least finally begun to acknowledge the awful sacrifice of those Americans sent to fight and die there. They are all, nevertheless, still with us, and their memories require at the very least that no President ever again go to war without a full Congressional debate based on all the facts.



# Arts & Leisure

STAGE VIEW

BENEDICT NIGHTINGALE

## A 'Tempest' That Brings Us a Foreign Flair

When were you last so amazed and alarmed in a theater that you attempted to dive under the seat in front and lie there, mumbling little prayers for deliverance? Until the other day, I don't think I'd felt that way since — oh, since I'd been fully convinced a pantomime Dragon was about to ingest first St. George, then my mother and father, and finally the six-year-old me. But there I was, suavely settling into my place in that charmless array of giant brown cubes that call itself the Center for the Arts at the State University of New York at Purchase, when a couple of megatons of high explosive appeared to go off. Crash, bang, and there in the murk was the silhouette of a ship, surrounded by huge, raging billows I'd neither time nor inclination to realize were actually long pieces of energetically undulating cloth. And then, just as suddenly, we were on deck, the sails were convulsively falling, the mast was splintering, people were drowning, and all was blackness and silence. This, I and the rest of the audience used to clamor back into our skins, recovering what little dignity we could.

I've never seen a more striking opening to any play, let alone "The Tempest," whose storms commonly seem the sort that could be comfortably contained within an average-sized teacup. But that was how Milan's Piccolo Theater chose to introduce itself, in the process reminding us of some of the things the drama lacks in America: Visual adventure for one, foreign input for another. True, the Royal Shakespeare Company pays these shores occasional visits, and this past season Peter Brook's inimitable "Carmen" came from Paris to exhilarate the New York throng. And only the other day the Greek National Theater was in town, bringing the Beaumont back to some semblance of life with an "Oedipus Rex." I'll briefly anatomize in a moment. But the more-or-less simultaneous appearance of that and "The Tempest" only served to emphasize how rarely, how very rarely America plays host to foreign companies. Indeed, one of the more glaring gaps in the New York theater is a regular season of world drama, embracing the best of the performers of South America, Europe, Asia, Africa have to offer.

Mark you, there were times when I wondered if Giorgio Strehler's production of "The Tempest" wasn't succumbing to an obvious danger. But that everything would seem a bit bathetic after that dizzying and disorienting start. Some of its attempts to arrest the eye were undeniably successful — what looked like one leg of an enormous insect emerging from a trap door, then what seemed to be another, and then a shiny brown tangle topped by frizzy orange hair, the monster Caliban himself — but other moments struck me as rather less so. The audience laughed



Tino Carraro and Fabiana Udenio star as Prospero and Miranda in the Piccolo Theater of Milan's production of Shakespeare's "The Tempest," directed by Giorgio Strehler

and clapped when Ariel was lowered by wire from the flies, an androgynous sad-sack in shimmering white pajamas, excitedly pirouetting, swimming and bicycling in mid-air before landing on Prospero's extended finger; but it struck me, I fear, as updated commedia dell'arte at its cutest. Again, it seemed questionable whether Mr. Strehler should have placed the action on and around a circle of sand dimly lit by the yellow-gray haze of a thin, watery sun — and not only because it gave the paradoxical impression that the action was occurring in a desert somewhere just north of the Arctic Circle.

You couldn't see the faces of the characters properly. There were times when they were so thoroughly in silhouette that you couldn't distinguish lip from chin or either from nose. I suppose the intention was to make Prospero's island mysteriously remote; but, if so, it wasn't altogether wisely conceived, because it also made the people and events remote, which was the last thing they should have been. After all, the play has often been taken as Shakespeare's own credo and spiritual testament, ending with his farewell to the stage as he left London for retirement in Stratford, an older, wiser man. And whether or not it's quite that personal, it maps a moral journey we can still fully understand and, maybe, share: Injury, indignation, desire for vengeance, acceptance, mercy, reconciliation. In many respects — from his willingness to forgive the great Elizabethan sin of usurpation, to the hope and comfort he clearly finds in the still-uncontaminated young — Prospero represents our collective conscience at its most far-sighted and humane. But how can you see his shifting soul when its mirror, his countenance, is in perpetual shadow? No wonder Tino Carraro, who played the part, seemed little more than vaguely paternal in the first half: He'd been robbed of any actor's prime instrument, his eyes.

At intermission I got up feeling that Mr. Strehler was doing all sorts of visually ravishing things, but had forgotten that the really important stage was inner and not outer: The protagonist's mind. But in the second half he silenced many of those doubts, introducing a new gravity into the proceedings and somehow managing to reconcile it with his old spectacular magic. In dredged Prospero's shipwrecked enemies, in a tiny, woebegone line, and suddenly found themselves hemmed in by vast blue waves and overwhelmed by swelling baroque music. Then there was a flash of lightning, they were plunged into darkness, and out of the night swooped Ariel, transformed into a great black vampire-bat, squawking and squawking out his accusations and threats. Once again, it was stunning; but by now not merely stunning. Here, elsewhere, we were beginning to get a sense of character, atmosphere, and the issues ominously at stake.

The production's successes included a marvelously doleful Alonso, a doddering Gonzalo and, from Michele Placido, a Caliban amateurishly aspiring to be the local witchdoctor: Lithe, athletic, eloquently vindictive ("quando Prospero e finito!"), but achieving absolutely nothing with the voodoo fetish he believably twisted. Ariel's playfulness came to seem less gratuitous and irksome, more an expression of personality or (rather) fairyhood; and Mr. Carraro's Prospero moved beyond the proce-

num, and down towards the audience, in the process becoming more visible and so more interesting. Before long, he was varying that anonymous benignity of his with a touch of wistfulness here, a hint of sorrow there, and a due solemnity as he prepared to leave his island kingdom.

Finally, somberly, he tossed aside his book of spells and broke his conjurer's wand: At which, most sensationally, the entire front of the stage fell apart, leaving nothing but a chaotic fretwork of planks and girders. It was Mr. Strehler's parting astonishment, and by now one felt it had point and purpose, whether it represented Prospero's surrender of his magic powers, or Shakespeare's renunciation of the illusion of the theater, or some more general recognition of our human limitations. At all events, it brought to a suitably resonant end a production whose imaginative generosity would seem rare and refreshing anywhere in the world.

All the same, such exoticism would scarcely suit "Oedipus," the ancient-Greek equivalent of a long, sober Senate hearing at which the chairman of the investigative committee gradually discovers that the principal agent of crime and corruption is himself. But that creates a problem for its director, at any rate for one who hopes to make Sophocles's play accessible to foreign audiences. What balance is to be struck between the visual and the verbal? He can't really expect English-speaking spectators to sit through even a pretty animated recitation in what, at the Vivian Beaumont, turned out to be modern Greek. But how much spectacle, and what kind, can he inject into the proceedings without sensationalizing or cheapening or otherwise distorting them? How grand and ritualistic should he be, how informal and naturalistic?

These are slippery questions, and I'm not sure Mino Volanakis's production fully resolved them. He staged the action between jet-black curtains on a tilted O from which embryonic walls protruded, making us feel we were at an archeological dig at dead of night; and there he proceeded to give us a little bit of everything. We had moments of pomp and ceremony, with Oedipus's face covered with gold and everyone else in half-masks, and moments of intimacy, when king and subjects stripped to their vests, as if to admit they were only actors, and rather hot, sweaty actors at that. Meanwhile, the chorus of ghostly old men weaved and swirled about the stage, sometimes giving the honest impression that they were weak with hunger, exhaustion and dread, and sometimes that they were playing a sort of spectacular blind man's buff with each other. At one particularly abstruse moment they produced what appeared to be a long bandage, tied it to their staves, waved it about, and then forgot it.

Oedipus, too, fell victim to his director's determination to opt alternately for humanity and theatrical effect. As played by Nikos Kourkoulas, he began brusque and blunt, surly and suspicious, then turned out to be capable of somewhat subtler feelings. When he came to the description of his killing of Laius, he aggressively mimed the thrust of his sword, then suddenly froze, a disbelieving, desolate look taking over his face, as if sensing that the man he'd killed was actually his father. Yet when he finally emerged from his palace, blind and ruined, it was with what appeared to be a winding-cloth tied around his head, making him look as if he'd jumped off the table halfway through the process of being mummified. We didn't see his bleeding eyes, and we didn't feel his anguish. Instead of terror and pity, we ended by getting empty spectacle.

Yet, whatever the reservations, it was well worth seeing the Greek National Theater. How can audiences here adequately assess their own country's work, how can professionals expect to redefine the parameters of the possible without being regularly exposed to what's happening abroad? The best defense against incalculable insularity is to get to know the theater and the theater companies of Berlin, Rio, Lyons, Peking, Melbourne, wherever. There's a whole world out there to discover; and, for that matter, a whole world that would be only too eager to be discovered by this country and this city, were some enterprising soul or souls to raise a little money and invite it over. Well, why not?

## 'Bostonians': a Proper Jamesian Adaptation

By VINCENT CANBY

In the 23 years since Ismail Merchant, the producer, and James Ivory, the director, first approached Ruth Prawer Jhabvala about adapting one of her novels for the screen, the three have collaborated on more than 10 films, originals and adaptations, mostly of Mrs. Jhabvala's novels but also of novels by Jean Rhys ("Quartet") and Henry James ("The Europeans"). There has been some wonderful work, the early "Shakespeare Wallah" (1985) the uncharacteristic "Roseland" (1978) and last year's "Heat and Dust." Though not all of their collaborations have been equally successful either at the box office or with the critics, they've shared a consistently literate sensibility that, through two extraordinary decades, hasn't once been overwhelmed by the fashions of the moment. The three have not only endured as collaborators but, it's now apparent, they have enriched and refined their individual talents to the point where they have now made what must be one of their best films as well as one of the best adaptations of a major literary work ever to come onto the screen.

This is "The Bostonians," described by both Edmund Wilson and F. R. Leavis, as one of Henry James's two most important novels — the other being "The Portrait of a Lady." I write these words with a certain amount of admiring embarrassment, having only recently admitted that my heart sinks every time I hear that one filmmaker or another has turned his beady eye toward some acknowledged classic on the 10-foot bookshelf.

"The Bostonians" is, from its opening shot to last, a rare delight, a high comedy with tragic undertones, acted to passionate perfection by a cast of the best actors ever assembled by the Merchant-Ivory-Jhabvala team. It's a major achievement, both as a film with its own identity and as an example of how an exceedingly complex novel can be made into a movie without sacrificing anything except the particular rewards of reading James's dense, singularly convoluted prose, which comes complete with the author's comments interjected by an unseen, Godlike "I."

This is not to criticize James but to acknowledge that his syntax and his asides to the reader are not things for which there will ever be a satisfactory cinematic equivalent.

Unlike John Huston's "Under the Volcano," which is as much an impression of the Malcolm Lowry novel as it is a literal version of it, "The Bostonians" is as pure Henry James as I can imagine on the screen. It has a film life of its own, something that was difficult to see in the intelligent but terribly reverent Merchant-Ivory-Jhabvala adaptation of "The Europeans." It's far better than Peter Bogdanovich's very good adaptation of James's "Daisy Miller."

What must strike anybody coming upon "The Bostonians" without having read the novel first, or even without having read it in the last 25 years, is how eerily contemporary it seems, even though the setting is Boston in 1875 and even though it moves at that unhurried pace we now equate with 19th-century manners. Beneath the beautifully realized period settings and costumes, and waiting to break free of the polite and often very funny discourse, there is a furious contest being waged that reflects in surprisingly vivid detail a battle of the sexes that still goes on.

At the heart of the film are three fascinating characters. Olive Chancellor (Vanessa Redgrave) is a rich, well-born Bostonian, who has committed herself to the liberation of her sex with a steely fanaticism and an ample purse, which otherwise remains tightly closed. Her most sacred hope, in James's words, is "that she might be a martyr and die for something." Olive, on fire for a cause that in 1875 is thought to be a mad eccentricity, is a woman totally devoid of humor but possessing profound depths of feeling, the nature of which is expressed in her relations with men, most of whom disgust her. The more intelligent ones can only hope to earn her distrust.

Basil Ransom (Christopher Reeve), a lawyer from the South of Reconstruction and a distant cousin of Olive's, represents everything that Olive thinks she is fighting. He is an archconservative, especially in politics, which includes his feelings toward women. As James puts it, "... the way he liked them — not to think too much, not to feel any respon-

sibility for the government of the world." James adds, "He, too, had a vision of reform, but the first principle of it was to reform the reformers."

In the middle of this curious triangle is pretty, innocent Verena Tarrant (Madeleine Potter), the daughter of a hustling quack who deals in mesmerism and faith healing and under whose auspices Verena is gaining some measure of fame as a riveting speaker on behalf of women's rights. When first introduced in the story, she is — again in James's words, "the most extraordinary mixture of eagerness and docility." She took all that was given her and was grateful, and missed nothing that was withheld.

It's a measure of how well the film works that James's original words so efficiently describe not only the film's characters but the performances of Miss Redgrave, who may be giving the performance of her film career; Mr. Reeve, who here, for the first time, demonstrates his ability to go way beyond Superman with charm and guts we've never seen before, and Miss Potter, an actress new to films, who is splendid in what is the movie's most difficult role.

Early in the film, at a rather shabby genteel, feminist meeting where Verena gives one of her impromptu "talks," Olive Chancellor and Basil Ransom simultaneously fall in love with Verena. Basil's passion is, of course, the more conventional. He finds her words ridiculous but the young woman spouting them thoroughly enchanting. Olive sees in Verena someone who, under her guidance, can become the Joan of Arc of the women's movement.

True to James, the film plays terrible tricks on all our assumptions. Basil Ransom is a committed male chauvinist. His ideas are Southern feudal, but he's most attractive and intelligent and, for a while, anyway, one longs for him to save Verena from the clutches of the overwhelming Olive. At the beginning, Olive seems to be a coldhearted, aggressively self-deluding do-gooder but, by the film's end, one is on the point of rooting for her, which is the ambiguous way James wrote her and the remarkable way in which Miss Redgrave plays her.

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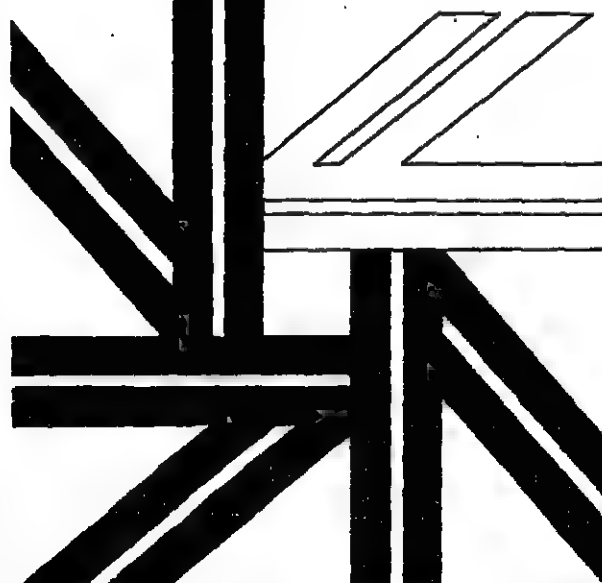
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TEL AVIV UNIVERSITY





# THE MOSCOW AGENDA

The Post's Mark Segal talks to Edgar Bronfman (below).

'Jews should be allowed to live as Jews in the Soviet Union'



'We have to recognize that Jackson is here to stay'

AN OFFICIAL invitation to visit Moscow during the coming month is awaited by World Jewish Congress President Edgar Bronfman. Worried about the deepening rift between Jews and blacks in the United States, he intends to initiate a series of dialogues between the heads of the two American communities once the U.S. presidential elections are over.

These two facts emerged during an interview in Tel Aviv with the WJC leader and chairman of the Seagram corporation, who flew here in his private executive jet not only for routine talks with politicians and officials, but also to inspect the international youth camp scheme he has initiated near Afula.

Regarding his expected invitation from the Kremlin, Bronfman said he trusted that it would be accompanied by a definite schedule of meetings with top-level Soviet officials.

"I don't want to be used like a Billy Graham, but to have serious talks," he said. He had been told that the Soviet authorities had raised his visit from North American department level to that of the Politbureau, and trusted that his personal lobbying for such an official visit with the 34 heads of states plus the UN secretary-general during the past year had had the desired effect. In all his contacts with the Russians, he had advised them that it would be in their best interest to be "nicer to the Jews" as far as their world image was concerned. He had always tried to tell his Soviet hosts that for too long, the Jews have been the hostages and prime victims of the cold war. Once in Moscow, his talks would be under three headings: the release of prisoners of Zion; permission for the refuseniks to go to Israel; and the grant of full cultural rights for the Soviet Jewish minority.

"We have to adopt not only the slogan, 'Let my people go' but also 'Let my people live,' for Jews should be allowed to live as Jews in the Soviet Union," he declared.

BRONFMAN is currently striving to persuade American Jewish organization leaders to "cool it" as regards Jesse Jackson and the black community. Jews have to learn to cope with rising black political power in America, he said. He hoped to build bridges across the deepening rift he is so worried about. It was his intention both to initiate a dialogue between the Jewish and black leaders after the presidential elections, and to bring a delegation of prominent black leaders to Israel.

He did not regret the controversial letter he had written to *The New York Times* some months back, criticizing "Jewish rhetoric" for having blown up Arab donations to PUSH, Jackson's Chicago-based organization, out of all proportion. In that letter, he disclosed that he himself had donated corporate funds to PUSH. When I mentioned that the U.S. journal, *Jewish Week* had reported his donation as being \$2m., he chuckled that was nearer the figure. He said, however, that his corporation gave "considerable amounts" to various non-controversial black communal organizations.

At the recent Democratic Party

convention in San Francisco Bronfman had been impressed at the sincerity of Jackson's apology to the Jewish community made at prime television time.

Jews had to come to terms with rising black political power across America. "Whether we like it or not, Jackson is the acknowledged leader of the blacks today, and we have to recognize that he is here to stay after the elections and has to be dealt with sensibly."

He had found Israelis deeply concerned over the Jackson business, but Israel and its friends in the U.S. must understand that the black caucus could soon control about 25

per cent of the Democratic seats in Congress. This could certainly affect the future of U.S.-Israel relations and not just in the matter of American aid.

REGARDING the religious parties' demand for an amendment of the Law of Return ("Who is a Jew"), that would delegitimize Conservative and Reform rabbis, Bronfman warned that this "would cause great anger throughout American Jewry, where the majority belong to Conservative and Reform congregations." Himself a member of an Orthodox congregation, he feared that it could be harmful to the cause of Jewish unity.

He emphasized, however, that in his view the Reform and Conservative rabbis were "doing it backwards," and should have devoted more effort to building up their synagogues in Israel. On the other hand, he had listened closely to Rabbi Schindler and other rabbis, and appreciated their argument that the effect of such a measure would be to lose more Jews, who were already disappearing at an alarming rate through assimilation.

As to Israeli politics, Bronfman said he preferred to keep clear, just as he would like Israelis to stay out of U.S. politics. He did, however, confirm having helped Tami "by giving a few cocktail parties here and there" at the behest of his friends Steve and Lilian Shalom. He felt that Tami's case was different. "It's helping the social gap to disappear."

In this connection, he noted that the fund-raising party in Montreal had enabled his brother Charles to meet members of the Moroccan Jewish community living in that city for the first time. Generally speaking, he thought "the Ashkenazi world should start getting adjusted to Israel's changing society. I see a process of alienation developing."

BRONFMAN regretted that only 6 per cent of U.S. Jews had ever visited Israel, and was doing his share in a small way to bring more over. This was part of the motivation of his new pet project, the international youth camp at Nir Ha'emek, where 43 American, 17 Canadian and 40 Israeli teenagers were spending four weeks together, plus another week touring Israel. It cost the Israeli youngsters \$500 for the stay.

The camp was organized by the Interlocken youth camp organization, headed by Richard Herman, which had built up a world reputation from its camps in New Hampshire in the U.S. and China.

Bronfman had spent some hours with the youngsters, and had been delighted that so many of them who were products of mixed marriages had been afforded an opportunity of learning about their Jewish heritage. He intends to expand the scheme to 300 children and then to 750, and will establish the camp on a permanent site on the seashore.

He had initially tried to arrange the matter through the appropriate department of the World Zionist Organization, "but all they did was talk." Eventually, he worked out the project through WIZO, for which he had the highest praise.

THE IDEAL home, in Israeli eyes, is a house with a garden of one's own — what they call a *vevcha* if it's detached, and a *coche* if it's semi. Failing that, there's a lot to be said for living in a high-rise, the higher the better.

The most obvious advantage is the view, with flaming sunsets and orange moonrises thrown in. The view isn't just enjoyable in itself, though, but is marvellous for getting over those first few embarrassing moments with new acquaintances and other strangers. It's the perfect ice-breaker, in fact.

People come in and, in nine cases out of ten, gravitate towards the balcony. By the time you've answered their questions about what that large building is over there, what church that spire belongs to, and don't you ever get dizzy looking down — everyone has thawed out and can face taking seats and looking each other in the eye.

Another thing about living in a high-rise is that you have a great many neighbours, but you barely know them. So many there are, that by the time you've figured out who actually lives in the house and who is just calling, half of them have already moved on again.

## HIGH LIFE

RANDOMALIA  
Miriam Arad

Personally I've developed a special, tentative, do-I-know-you-or-don't-I smile, which gets me through most encounters. It's true that once or twice I've given the tentative smile to the wrong people — either complete strangers, or someone who'd been living right next door to me for the past three months — but that can't be helped. In a way, I suppose, high-rises are like big cities, and depending what kind of person you are, you can feel un-happily anonymous and lonely in them, or agreeably detached and private.

You do expect a view when you move to a high-rise. What you may

not take into account is the intercom and its implications. The negative aspect is clear: all those buttons are an irresistible invitation to children to play a push, giggle and run game — much better than doorbells, because you'll never get caught.

It's a minor nuisance, as far as I'm concerned, and outweighed by the one great blessing of the intercom: the time interval between people announcing themselves down there and their arrival on your doorstep, particularly if you live high up and the lift is slow. We timed ours, and found the actual ride to our floor takes 47 seconds, with another 20 or so to and from the lift.

Well, you'd be surprised what a person can accomplish in 67 seconds: go like a whirlwind through the living room snatching up toys, newspapers, dirty cups; run a comb through your hair and scramble into another dress; whisk a cake out of the freezer and into the oven; put on the appropriate face and, if desired, sink languidly into an armchair and look as though you had been sitting there for the past hour in pleased expectation of visitors. We high-risers have it on *contergers* there every time.

## Holiday treat

By HELGA DUDMAN  
Jerusalem Post Reporter

A MONTH-LONG summer holiday programme for severely handicapped young people, under the auspices of Akim, ended recently at the popular camping facilities of Moshav Kfar Hittim in Galilee.

Youngsters from all over the country, all with mental and/or physical disabilities who would ordinarily never experience a holiday away from home were able to enjoy a week of the sports and camping facilities at Kfar Hittim, to which many thousands of Israelis have been returning for informal holidays.

THE AKIM visitors came in tour groups — from 160 youths to about 200 — each for one week, starting in June and ending July 10, together with their aides and instructors. The closely supervised activities included sports, swimming and a boat trip of the Kinneret.

"These kids just don't want to leave when their week is up," said David Bokish, director of Kfar Hittim's hilltop camping facilities. This year's programme was particularly successful, he added, thanks to Akim's excellent organization.

The entire camp was closed to regular guests during the period when Akim youth were there. "We can't ask people coming for a holiday to share the premises with such difficult cases. It wouldn't be fair. So we did not take any other guests." Rates charged to Akim were nominal, geared only to cover expenses.

Asked whether his moshav lost potential income, Bokish answered, "Well, yes. But we think it's very important to do this."

"Now that Kfar Hittim's swimming pool and sports facilities are again crowded with healthy Israeli youngsters and their families, are things easier?" "No, not really. Now there are actually more problems — because normal visitors have much higher expectations. For Akim youngsters, everything that we provide is an unforgettable treat."

A SHORT TIME after the startling news about Jewish Terrorism hit the headlines, I published in the Hebrew evening paper *Hadashot* on May 23 the following article. The story evoked a reaction in *The Jerusalem Post* by Susan Hattis Rolet on June 17 ("Getting Our Terms Straight").

In "straight terms" indeed Mrs. Hattis Rolet likened me to the "anti-Semitic Nazi" who filmed *The Eternal Jew*, accused me of "feelings of racial superiority," called me a hater of Arabs, peace-seekers, those who believe in democracy, herself.

In response I proposed that *The Jerusalem Post* publish the entire text of the article which aroused such vicious invective.

In my letter to the *Post* I wrote, *inter alia*:

"Considering my article in  *toto*, it is clear to anyone who is not motivated by blind hatred that the thrust of the allegory is aimed at terrorists, meaning those who indiscriminately murder civilians — men, women, children."

"I need not identify myself before anyone as having suffered personally at the hands of Nazis. Everyone, surely every Jew, has a right to be protected against the criminal and irresponsible application of such a terrible epithet."

"Furthermore... I need not boast of my relations with the Arabs... for years I have been spending a good part of my life fostering human, neighbourly and also friendly relations between Jews and Arabs..."

In the article below, all parts which Mrs. Hattis Rolet chose to omit are printed in italics. She left out the opening passage, which clearly referred to terrorists, and the second part of the story, which warns that Jewish terror might turn our own people into beasts. In the same of democracy and

liberalism she employed a technique similar to the methods applied against Zionism behind the Iron Curtain. First, texts are censored and distorted to fit the desired image, then the "Nazi" epithet is attached.

It is now up to the readers to judge, whether Mrs. Hattis Rolet's vitriolic attack was justified, and if not, what is it that brings about this frightening phenomenon of self-hatred, which threatens to consume us, the Jewish people, from within?

The text of the article, titled "Mice, Rats and Other Pests" and subtitled "In God's Name, Let's Put an End to the Pity and Pain Societies," follows.

FROM THE PRESS: Four terrorists, from the group which murdered Aharon Gross, were sentenced to life imprisonment in the Nablus Military Court. During the trial, the accused and their attorneys justified the murder, presented themselves as national heroes and mocked the family of the victim. Israelis present in the courtroom expressed anger upon hearing the sentence, claiming that those murderers won't spend more than a few years in jail.

Somewhere in the East, there was a small pleasant country, so pleasant that many desired it. The mice and rats too were drawn to the treasures of wheat, fat and other delicacies in its houses, and invaded this country en masse.

Those who dwell in stone houses in the mountains did not suffer so badly, but for the poor people and the farmers, and all those who lived in wooden huts and houses close to

## Article in context

By ELYAKIM HA'ETZNI

the ground, life turned into hell.

They consulted with one another as to how to overcome the national plague which had befallen them, and invented traps, rat poison and other clever implements in order to control the violent rodents. Success was not absolute, but life reverted to being tolerable.

But that fabled country was extremely progressive.

Its two strongest bodies were "the Association for the Prevention of Cruelty to Enemies" and "The Association for the Prevention of Cruelty to Animals." These associations claimed that an ancient saying going back to the sages of that country in olden times — "Do not do to others what you would not wish to be done to yourself" — should be extended, out of noble-mindedness, to include enemies as well.

The associations' lobby acted energetically and tirelessly, until one day it managed to take advantage of the parliamentary weakness of the government (needless to say, the regime in that country was perfectly democratic) to pass a law which prohibited, with severe penalties, any use of traps and poison against animals. The law was called "The Non-Extermination of Pests Act, 1984," and it was very rigorously implemented.

The victory of humanitarianism was celebrated in the streets of our happy land: at long last an end had been put to the objectionable method of trapping the rats into baited traps. An end had been put to the tortured death of beasts by

poison. Rats the size of cats attacked babies in their cradle, bit and munched. Even small children were killed.

The mice spread various diseases, spoiled food, mounted tables and ran through pantries. Some people went mad, others died of disease. Some even took what remained of their property and fled abroad.

When the situation became insupportable, something happened in the far-off and beautiful country. People started to prey on and eat mice.

DURING THE investigation the suspects put forward an astonishingly simple argument: We realized that we can no longer exist as human beings, therefore we decided to learn a lesson from our neighbours the cats who are not disturbed at all by the mice, simply because they eat them. On the other hand, men won't punish the cats, who are themselves protected by the "Non-Extermination of Pests Act."

The interrogators asked: "Didn't you care about your human dignity? Did you not hesitate before taking the law into your own hands? Didn't your stomachs turn?"

The civilized people (i.e., the city and stone house dwellers) brought the offenders to trial and sentenced them to long prison terms, but to no avail. As the rats proliferated, so the number of "Beast Men" (as they were now called) increased. The Beast Men were ostracized by human society, despised, hunted down and put behind bars. Still, their number grew, the number of mice declined and gradually peace and tranquillity returned to the dwellers of huts and villages.

But this is not the end of the story. Our pleasant and beautiful country slowly and gradually ceased to be beautiful and pleasant. The phrase "Homo homine-Ratus," was coined by a famous writer. A bitter civil war broke out between the guardians of morality and legality and the rat eaters. Mutual contempt and hatred flared up and ultimately it came to blows.

At that stage a new striking development took place: The Beast Men, having had so much practice, no longer distinguished between man and beast, until in one mass quarrel a human being was bitten to death by his fellow man.

At that moment a cry rose unto heaven, the cry of all those who still remained sane, those who strove to save the country even now, at the last minute.

In the Name of God, let's put an end to the Pity and Pain Societies! In the Name of God let's put an end to the Pity and Pain Societies!

One of them remembered the words of an ancient sage: "Those who have mercy on the cruel will ultimately be cruel to the merciful."

Was the country saved at the last minute? Did its leaders learn their lesson? Did they realize, that there is a limit to every thing, that even "Progress," "Pity" and "The Understanding of One's Fellow Man" may be exaggerated to the extent of suicide?

Did they absorb the message, that there is one last price for peace with the foreign enemy which should never be paid: A fratricidal war, a war against your own people?

Our story has not ended. The answer is yet to be discovered.

The writer lives in Kiryat Arba-Hebron.

Walter Frank's gardening column will resume tomorrow.

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## New crescendo in Maof-El Al fight

## Your money & your questions

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# Money Matters

Monday, August 6, 1984 The Jerusalem Post Page Seven

## Shares, bonds higher on low volume

**TEL AVIV.** - The stock exchange experienced a day of generally rising prices in both the share and bond markets yesterday, although volumes remained disappointing. The market is continuing to "breathe water," while the political imbroglio unravels itself.

Bonds moved confidently forward, with the 2.29 per cent rise in the overall bond index coming mainly from the contributions of 8.5 per cent on a sectoral basis, and the dollar-linked bonds which advanced at a more moderate rate. Volume remained below the 151 billion mark.

The bond index now stands at 255, and it is worth analysing what this means in terms of potential for further rises. The June index, published on July 15, brought the price level up to 222, an increase of 122 per cent in the first six months. Assuming a 13 per cent rise for July, which is in fact well below the average level of expectations, gives us an index of about 250.

However, this refers to the average price level in July, and since we are now one week in August, or three weeks past the point to which the "average" July level refers, it is legitimate to add at least 8 to 10 per cent to the above figure. In other words, a true price level as of this

### Tel Aviv Stock Exchange

By PINHAS LANDAU

date is in the area of 270-275 - on very conservative assumptions. If the market level of bonds is only 255, this means that the market is not only failing to keep pace with inflation, it is also completely discounting the widely expected rise in the underlying rate, from the current 13-15 per cent, to the 20-25 per cent level.

This phenomenon can only be attributed to the market, in other words the investing public, assuming that there will be a move of some sort by the government to reduce the value of these bonds by at least 10 per cent (and possibly more, if the expectation factor is taken into account).

In the share market volume rose slightly from Thursday's levels, and prices were mildly positive. The "arrangement" sector was very subdued, although it took its customary 70 per cent of the turnover. In other sectors price movements were also restrained, but the 3.65 per cent rise in the industrial share index was sufficient to propel the non-bank index higher by almost 2 per cent.

### MARKET STATISTICS

**Indices**  
General Share Index +270.25 +0.58  
Non-bank Index +198.95 +1.88  
Arrangement Bank Index +319.63 +0.13  
Industrial Index +214.57 +3.65  
Bond Index +255.58 +2.29

### Turnovers

Shares IS461.3m.  
Bonds IS594.4m.  
Totals IS1,115.7m.  
Advances 187  
Declines 142  
of which 5% + 41  
of which 5% - 38  
"Buyers only" 7  
"Sellers only" 7

### Bond market trends

4% fully-linked: Rises to 3%  
3% fully-linked: Stable/Rises to 3%  
80% linked: Rises to 6%  
90% linked: Rises to 4%  
Double-option: Rises to 3%  
Dollar-linked: Rises to 3%

### Most Active Shares

Leumi 4410 IS22.5m. n.e.  
Discount 1299 IS55.5m. n.e.  
Hapoalim 6840 IS46.5m. n.e.

### Sharpest Moves

Cydon op. 71 -16 -18.6%  
T.G.L. op. 41.5 +6 +16.9%  
Ligat op. 42.5 -8.5 -16.7%  
Rogovin op. 71 -14 -16.5%

Within the industrial sector, it was the rises of Elbit and Elron, by 10 and 9 per cent respectively, and the 5 per cent gain of American Israeli Paper Mills, which stood out. These were the only faint echoes in Tel Aviv of the extraordinary performance of the New York Stock Exchange and other U.S. share markets in the last three trading sessions of last week.

### Senior appointments

**Jerusalem Post Reporter**  
TEL AVIV. - Meir Moyal has been appointed general manager of Bank Leumi (France), with effect from August 1. He previously served in a number of senior management positions in the bank, and has been deputy-general manager of Leumi (France) for the past two years. Moyal, 55, replaces J. Hivan who has served as general manager for the last five years and will now take up a senior post in the bank's international division in Israel. He has also been appointed to the board of directors of Leumi (France).

Leumi is the only Israeli bank to have a subsidiary in France. Leumi (France) gives a full range of banking services from its six branches, of which two are in Paris and four in the provinces.

Rami Izkari, secretary of the Israel Company for Foreign Trade Insurance, has been appointed deputy-general manager of the company.

### Commercial Banks

(not part of "arrangement")  
O.H.R. 3440 0 - - -  
Mantime 1098 374 n.e. -  
Mantime 321 316 n.e. -  
N. American 1715 47 -10 -6  
N. American 1192 36 -6 -5  
N. American 2125 20 -11 -5  
Danot 310 20 -5 -1.6  
Danot 71 1092 n.e. -  
Danot 180 - - -  
First Int'l 410 1976 -4 -1.0  
FIBI 326 911 -4 -1.2

### Commercial Banks

(part of "arrangement")  
IDB 10200 309 n.e. -  
IDB 10500 3 -300 -2.8  
IDB 65000 17300 n.e. -  
IDB 118 118 +1.7  
IDB 13400 5 n.e. -  
IDB 12999 502 n.e. -  
IDB 1580 64 +15 +1.0  
IDB 4200 71 +20 +5  
IDB 1925 252 +83 +4.5  
Hapoalim p. 9279 1 +844 +10.0  
Hapoalim 6840 n.e. -  
Hapoalim 6850 78 +120 +1.8  
Hapoalim 26220 1 +600 +2.3  
General A. 18600 29 n.e. -  
General A. 42600 2 +2000 +4.9  
General A. 17300 17300 n.e. -  
General A. 13800 5 +700 +5.3  
General A. 900 21 +300 +3.3  
Leumi 4410 2098 n.e. -  
Leumi 6000 n.e. -  
Leumi 1770 145 +30 +1.7  
Finance Trade 6105 15 +120 +2.0  
Finance Trade 3310 29 +130 +4.1

### Mortgage Banks

Adanm 1130 11 -18 -1.6  
Gen. Mortgage 1282 11 -1 -1.1  
Gen. Mortgage 1282 11 -1 -1.1  
Carmel deb. 408 - - -  
Binan 770 44 +70 +10.0  
Dev. Mortgage 360 41 n.e. -  
Dev. Mortgage 1300 11 n.e. -  
Independence 740 10 -40 -5.1  
Telatoh p. 1010 10 -20 -1.9  
Telatoh p. 910 18 -12 -1.3  
Telatoh deb. 1 980 10 n.e. -  
Telatoh deb. 2 500 192 +7 +1.1  
Jaysour 135 4 -1 +1.1  
Jaysour 130 2 +4 +3.2  
Jaysour 80 161 +1 +1.3  
Mervar 373 203 n.e. -

### Financial Institutions

Shilon op. 73 433 +8 +9.7  
Shilon op. B 685 - - -  
Agriculture A 14500 - - -  
Agriculture C 28299 - - -  
Leumi Ind 1134 - - -  
Leumi Ind b. 1160 - - -  
Ind. Dev. P. 17400 - - -  
Ind. Dev. C 32000 - - -  
Ind. Dev. CC 40500 - - -  
Ind. Dev. D 34200 - - -  
Ind. Dev. DD 12100 - - -  
Ind. Dev. DD 255 - - -  
Ind. Dev. DD 15 +14 +5.8  
Ind. Dev. DD 27500 - - -  
Ind. Dev. DD 279 40 -15 -5.1  
Ind. Dev. DD 178 18 +16 +9.9  
Ind. Dev. DD 1979 39 +43 +4.4

### Insurance

Anyeh 448 66 +20 +4.7  
Anyeh 378 35 n.e. -  
Anyeh 5250 32 n.e. -  
Anyeh 379 25 +18 +5.0  
Anyeh 148 120 +13 +10.0  
Anyeh 620 11 +5 +3.2  
Anyeh 161 11 +3 +2.8  
Anyeh 273 7 n.e. -  
Anyeh 111 130 +3 +2.8  
Anyeh 970 193 n.e. -  
Anyeh 1430 8 +70 +5.2  
Anyeh 164 10 +70 +5.2  
Anyeh 1279 1 - - -  
Anyeh 1010 1 - - -  
Anyeh 1490 - - -  
Anyeh 262 19 +2 +8  
Anyeh 120 44 +4 +9  
Anyeh 96 42 +1 +13.5  
Anyeh 2700 1 n.e. -  
Anyeh 499 - - -  
Anyeh 586 - - -  
Anyeh 477 328 n.e. -  
Anyeh 420 11 +2 +2  
Anyeh 280 55 +15 +5.7  
Anyeh 146 110 -4 -2.7

### Trade & Services

Inter-Gamma 300 19 n.e. -  
Inter-Gamma 126 44 +2 +1.6  
Inter-Gamma 52 99 -3 -5.5  
Inter-Gamma 669 43 +38 +6.1  
Inter-Gamma 310 25 +7 +2.2  
Teta 154 41 +1 +1.0  
Teta 124 65 +11 +10.2  
Teta 34 169 - - -  
Teta 271 249 -4 -1.5  
Crystal 204 84 -16 -7.3  
Rapac 0.1 2810 2 -39 -1.4  
Rapac 0.5 615 91 n.e. -  
Rapac 12540 15 n.e. -  
Supersol B 10 621 257 -2 -3

### Services

Lighter 1410 2 +30 +2.2  
Harel 2 900 - - -  
Lighter 0.1 1190 28 -84 -6.6  
Lighter 0.5 640 220 +15 +2.4  
Cold Store 0.1 17950 - - -  
Cold Store 0.5 8227 - - -  
Israel Elec. - no trading  
Bond Ware 0.1 702 23 -78 -10.0  
Bond Ware 0.5 427 39 -48 -10.1  
Bond Ware 0.5 281 50 +3 +1.1  
Consolid 0.1 325 15 n.e. -  
Consolid 0.5 190 83 +5 +2.7  
Consolid 0.5 153 50 +3 +2.0  
Kopel 400 40 +10 +2.6  
Kopel 154 8 +3 +2.0

### Hotels, Tourism

Galei Zohar 1533 25 +139 +10.0  
Galei Zohar 603 54 n.e. -

### Dan Hotels

Dan Hotels 1375 50 -5 -4  
Dan Hotels 925 50 -5 -5  
Dan Hotels 212 19 -34 -10.2  
Dan Hotels 445 7 -10 -2.2  
Dan Hotels 169 48 +7 +4.3

### Computers

Data 258 50 +8 +3.2  
Data 750 26 n.e. -  
Data 1050 - - -  
Data 495 17 +45 +10.0  
Data 240 5 -22 -8.4  
Data 541 31 +49 +10.0  
Data 382 - - -  
Data 1010 3 +35 +3.6  
Data 500 5 +25 +5.0  
Data 297 15 -48 -13.9  
Data 220 140 +20 +10.0  
Data 375 83 -24 -6.0  
Data 198 b.o.1 +9 +5.0  
Data 170 29 +19 +12.6  
Data 1150 - - -  
Data 905 6 -15 -1.6

### Real Estate, Building

Gindi 582 60 +10 +1.8  
Gindi 358 51 +10 +2.9  
Gindi 154 179 - - -  
Gindi 362 1860 - - -  
Gindi 247 534 -4 -1.6  
Gindi 225 25 +23 +11.4  
Gindi 47 257 -5 -10.4  
Gindi 12 0 - - -  
Gindi 119 60 +5 +4.4  
Gindi 101 246 -2 -1.9  
Gindi 147 - - -  
Gindi 100 - - -  
Gindi 1691 5 +1 +1  
Gindi 1725 - n.e. -  
Gindi 132 b.o.1 +6 +4.8  
Gindi 99 - - -  
Gindi 35 30 -5 -1.6  
Gindi 316 63 -35 -10.0  
Gindi 248 10 -12 -4.6  
Gindi 359 - - -  
Gindi 152 200 n.e. -  
Gindi 62 15 n.e. -  
Gindi 229 272 n.e. -  
Gindi 310 200 -10 -3.1  
Gindi 310 200 -5 -3.2  
Gindi 123 20 n.e. -

### Metals and Metal Products

Octagon op. 228 2 -1 -4  
Octagon op. 215 3 -20 -8.3  
Octagon op. 3150 7 -55 -17.1  
Octagon op. 1700 39 -40 -2.3  
Octagon op. 1051 1 n.e. -  
Octagon op. 629 - - -  
Octagon op. 364 28 +2 +6  
Octagon op. 168 7 -18 -9.9  
Octagon op. 278 120 +4 +1.5  
Octagon op. 242 - - -  
Octagon op. 114 +1 +1.1  
Octagon op. 49 200 +4 +10.0  
Octagon op. 178 - - -  
Octagon op. 70 - - -  
Octagon op. 570 22 +5 +9  
Octagon op. 214 39 -5 -2.3  
Octagon op. 145 285 n.e. -  
Octagon op. 70 801 +3 +4.5  
Octagon op. 152 78 -18 -10.6  
Octagon op. 310 10 +16 +5.4  
Octagon op. 141 20 n.e. -  
Octagon op. 232 52 n.e. -  
Octagon op. 145 75 n.e. -  
Octagon op. 319 8 +1 +3  
Octagon op. 390 36 n.e. -  
Octagon op. 30 50 +2 +7  
Octagon op. 612 - - -  
Octagon op. 387 2 n.e. -  
Octagon op. 475 - - -  
Octagon op. 400 - - -  
Octagon op. 145 351 -13 -8.2  
Octagon op. 111 223 n.e. -

### Electrical Machinery

Electronics, Optics  
Elbit 3 90500 6 +8200 +10.0  
Elbit 131400 - +8000 +6.5  
Elbit 135 50 -30 -10.2  
Elbit 138 265 - - -  
Elbit 0.25 b. 187 s.o.1 -9 -4.8  
Elbit 0.1 1928 - - -  
Elbit 0.5 613 62 -2 -3  
Elbit 0.5 565 30 -10 -7  
Elbit 0.4 91800 5 +1700 +4.9  
Elbit 2615 28 +200 +8.3  
Elbit 2185 29 n.e. -  
Elbit 2200 61 n.e. -  
Elbit 1235 22 n.e. -  
Elbit 70 52 - - -  
Elbit 240 136 n.e. -  
Elbit 210 100 n.e. -  
Elbit 130 100 +1 +8  
Elbit 10 10 +3 +9  
Elbit 164 79 +7 +4.4  
Elbit 70 52 -16 -18.6  
Elbit 266 79 n.e. -  
Elbit 107 30 n.e. -  
Elbit 495 50 -4 -8  
Elbit 770 18 -14 -8.1  
Elbit 417 90 -3 -7.7  
Elbit 300 46 +9 +3.1

### Building Materials

LP Industries 182 109 +9 +5.2  
Alkol 284 9 n.e. -  
Alkol 311 - - -  
Alkol 210 7 -5 -2.3  
Alkol 920 11 -10 -1.1  
Alkol 340 - - -  
Alkol 194 - - -  
Alkol 81 14 n.e. -  
Alkol 166 - - -  
Alkol 115 3 n.e. -  
Alkol 160 - - -  
Alkol 680 25 -20 -2.9  
Alkol 255 - - -  
Alkol 206 40 +19 +10.2  
Alkol 136 50 +6 +5.0  
Alkol 133 54 n.e. -  
Alkol 1870 9 +20 +1.1  
Alkol 89 1 n.e. -

### Chemicals, Rubber, Plastics

Agan Chem. 1071 29 +19 +1.8  
Agan Chem. 901 12 -34 -3.8  
Agan Chem. 174 36 - - -  
Agan Chem. 1060 6 +60 +6.0  
Agan Chem. 276 317 n.e. -  
Agan Chem. - no trading  
Agan Chem. 168 86 n.e. -  
Agan Chem. 2500 1 +158 +6.8  
Agan Chem. 909 76 n.e. -  
Agan Chem. 630 72 +30 +5.0

### Textiles and Clothing

Olvi 152 s.o.1 -8 -5.0  
Olvi 88 - - -  
Olvi 510 35 n.e. -  
Olvi 270 - - -  
Olvi 95 - - -  
Olvi 89 55 +4 +4.7  
Olvi 81 287 - - -  
Olvi 58 80 +8 +1.6  
Olvi 681 2 +10 +1.5  
Olvi 39 483 +5 +9.3  
Olvi 49 507 +2 +4.3  
Olvi 25 1292 n.e. -  
Olvi 400 53 n.e. -  
Olvi 300 52 n.e. -  
Olvi 84 100 - - -  
Olvi 48 20 -5 -10.3  
Olvi 33 210 +3 +10.0  
Olvi 170 30 -6 -3.4  
Olvi 103 100 +9 +10.2  
Olvi 180 23 n.e. -  
Olvi 110 - - -  
Olvi 137 15 +2 +1.5  
Olvi 66 50 +6 +9.9

### Wood, Paper, Printing

Tip Top 97 - - -  
Tip Top 36 40 n.e. -  
Tip Top 350 - - -  
Tip Top 125 4 +4 +3.3  
Tip Top 45 786 -5 -10.9  
Tip Top 77 111 -8 -9.9  
Tip Top 42 - - -  
Tip Top 265 - - -  
Tip Top 125 - - -  
Tip Top 970 20 -36 -2.4  
Tip Top 285 71 -26 -8.4  
Tip Top 1520 36 -20 -1.3  
Tip Top 1285 20 -40 -3.0  
Tip Top 2000 6 n.e. -  
Tip Top 435 - n.e. -  
Tip Top 2070 3 n.e. -  
Tip Top 1110 113 -30 -2.7  
Tip Top 287 8 +26 +10.0  
Tip Top 160 s.o.1 -8 -5.0  
Tip Top 89 - - -  
Tip Top 535 8 n.e. -  
Tip Top 150 38 n.e. -

### Miscellaneous Industries

Alumit 1 825 4 +2 +2  
Alumit 385 15 +35 +10.0  
Alumit 375 - - -  
Alumit 1965 47 +4 +4.5  
Alumit 1436 10 -1 -1.1  
Alumit 623 140 +23 +4.2  
Alumit 370 44 +30 +7.5  
Alumit 227 50 +6 +2.7  
Alumit 306 - - -  
Alumit 705 106 -1 -1  
Alumit 333 14 +20 +6.4  
Alumit 85 32 -13 -13.7

### Industrial Investment

Central Tech. 145 13 +64 +4.6  
Kover op. - no trading  
Clal Industry 420 1308 +19 +4.7  
Clal Ind op. C 1475 41 +55 +3.9  
Tech. Res. 30 211 -2 -4.8  
Tech. Res. 33 s.o.1 -2 -6.9

### Investment Companies

Unifon 1 227 57 n.e. -  
Unifon 1000 322 n.e. -  
Unifon 173 151 -10 -5.5  
Unifon 70 113 n.e. -  
Unifon 439 - - -  
Unifon 320 - - -  
Unifon 144 140 +15 +2.4  
Unifon 666 10 +14 +2.2  
Unifon 3800 15 +200 +5.6  
Unifon 8450 1 n.e. -  
Unifon 5200 1 n.e. -  
Unifon 42 12 n.e. -  
Unifon 675 270 -20 -2.9  
Unifon 315 159 +14 +4.7  
Unifon 3300 2 +300 +10  
Unifon 1485 44 n.e. -  
Unifon 1366 70 +2 +2  
Unifon 1845 1 n.e. +8  
Unifon 1045 5 +15 +8  
Unifon 902 66 -7 -8  
Unifon 2010 219 -5 -3  
Unifon - no trading

### Research & Development

Cleaver Dev. 165 45 n.e. -  
Cleaver Dev. 94 165 -1 -1.1  
Gali Tech. 1 168 204 n.e. -  
Gali Tech. 75 144 -5 -6.3

### Oil Exploration

Delek Expl. 810 199 +35 +4.5  
Delek Expl. 78 277 -42 -10  
Oil Expl. Paz 1500 103 n.e. -  
Terol 1 274 23 +25 +10  
Terol 5 107 210 +1 +1.4  
Terol 1 58 140 -1 -2.2  
J.O.E.L. 221 271 - - -  
J.O.E.L. 1 169 156 -24 -12.4  
M.G.N. 1 210 229 +6 +2.9  
M.G.N. 96 550 +1 +1.1  
M.G.N. 245 185 -8 -16.7  
Seamless 1 245 185 -8 -16.7  
Seamless 5 110 180 -4 -3.3  
Seamless 89 118 n.e. -  
Fedol 1 279 85 n.e. -  
N. Amer 1 177 96 -5 -2.8  
N. Amer 5 70 35 +2 +2.9  
N. Amer op. 49 102 -7 -12.5  
Naphra 1 52000 - n.e. -

### New Listings

Adig op. 408 358 +32 +8.5  
Adig op. 392 129 n.e. -  
General non-arr. 270 35 +1 -1  
N. Amer op. 2 40 403 -5 -12.1

### Abbreviations:

b.o. buyers only n.e. no change  
s.o. sellers only r registered  
d without dividend b bearer

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## The economy waits

PRESIDENT Chaim Herzog's decision yesterday to charge Mr. Shimon Peres with forming the next government was not unexpected. The line up of the various small parties that gained expression in their recommendations to the president made it plain that the president would choose Mr. Peres. On the basis of these same consultations Mr. Herzog also added the recommendation that Mr. Peres try to form a government of national unity.

This charge is probably as far as the president can go in interfering with the constitutional process of forming a new government. The Basic Law: Government does not give the president the power to attach conditions to his nomination of the Knesset member whom he asks to form the government, such as limiting it to the task of forming only a government based on a broad coalition. A restriction such as that, were it constitutionally possible, would probably have reflected the declared stand of most of the small Knesset factions, at least for the first round of the process of carving a government out of the splintered wood of the 11th Knesset.

By nominating Mr. Peres to be the first to attempt to put together a new administration, the president may have given him a marginal advantage in setting the terms on which a national unity government may be formed, though if Mapam insists on opposing it this could undercut Labour's chances. Thus the parliamentary deadlock created by the elections remains basically unchanged.

The most popular way out of this deadlock is, as the president recommended, a national unity government.

But it must be remembered that the point of a national unity government is not to pretend to a consensus that does not exist and to deny fundamental differences; it is to shelve these differences for a limited time and for a specific task.

The most urgent task before the next government, whether based on a broad or a narrow coalition, it is to extricate the economy from its present perilous state — and the point of having a government based on a broad coalition, despite profound differences on other issues, is that only such a government has a chance of accomplishing the task immediately before it.

Yet there should be clarity about what and what not to expect from a national unity government. A coalition of the Likud and the Alignment, without the smaller parties, might be the best of all possible broad coalitions. That, however, is unlikely. Neither of the two is likely to abandon its past and potential future allies and leave them out in the cold. Both will see a broad coalition as temporary, and both will therefore look over their shoulders to the small parties. The latter will, as before, exact their pound of flesh for joining the coalition.

This would already put constraints on the freedom of economic action that a unity government would have. How far it would be able to go in reducing expenditures on West Bank and Gaza settlements, for example, is not at all clear.

What all the constituent parties could agree upon probably is an economic policy that would transfer the entire bill of past policies and of the present stalemate to the civilian economy. That would mean a sharp reduction of personal incomes through higher taxes — whether fiscal or through still higher inflation, at least as an initial phase of stabilization. It would mean cuts in social welfare and reductions in domestic expenditure on defence. It would also mean a rise in unemployment.

If Mr. Peres succeeds in forming a broad coalition government, he will have to shoulder the unenviable task of pushing through such an economic policy — the only one on which such a coalition may be able to agree.

It is not necessarily a policy which the Alignment would have adopted had it been able to form a stable coalition without the Likud. But it may be the only option left.

# Drawing distinctions

By DAVID BERNSTEIN

PRESIDENT CHAIM HERZOG last week performed a signal service in drawing a hard and fast distinction between Meir Kahane's Kach and Muhammad Mi'ari's Progressive List for Peace, seeing fit to invite the latter to the traditional post-election consultations at Beit Hanassi, while denying the privilege to the former.

Herzog's action has, inevitably, drawn the criticism of those parties closest to Kahane in Israel's political spectrum. Tehiya's Gula Cohen, for example, was outraged that the president was not willing to receive a man whose main fault, according to her, is that "he is playing into the enemy's hands through his excesses," and yet was perfectly willing to receive "the enemy himself."

Others, not going quite so far as Cohen, would like to have seen both Kach and the PLP tarred with the same brush. Likud newcomer Gideon Gadot put this view over the weekend, when he told Israel Radio that democracy has a right to protect itself "both against Kahane's fascism of the right and against Mi'ari's fascism of the left."

Even former Independent Liberal MK Gideon Hausner, a man not noted for rhetorical excesses of this nature, nevertheless came out in support of the substance of Gadot's position when he told *The Jerusalem Post* in an interview published on Friday that he regretted "the Supreme Court decision that allowed two radical parties from opposite ends of the political spectrum to contest the elections."

The tendency simply to view Kach and the PLP as more or less identical, contrapuntal phenomena at the two opposite ends of the political spectrum is, in fact, extremely pre-

valent. It was certainly behind the Central Elections Committee's decision to bar them both from contesting the election. And even the Supreme Court, when it later upheld the appeals of both lists against the Election Committee's decision, gave the impression of applying the same kind of even-handedness — although in the Court's case it may well emerge, when it finally publishes the reasoning behind its decision, that it was not in fact equating the two parties.

ARE KACH and the PLP in fact simply mirror images of each other which deserve the same treatment at the hands of society?

Their programmes certainly reveal a vast difference between the two: Kach openly calls for a Jewish state in the whole of Eretz Israel, "whose Arab population is to be either expelled or induced to leave by being reduced to the state of sub-human drawers of water and hewers of wood for their Jewish masters: the PLP, on the other hand, calls for independent Jewish and Arab states living in peace on either side of the 1967 boundary, and equal rights for those Arabs who choose to remain in Israel.

When it comes to declared positions, then, Kach — with its call for an *Arabrein* Eretz Israel — is far closer to the right fringe of Palestinian diaspora politics represented by Ahmad Jibril and Sabri al-Banna (Abu Nidal) — with their call for a *Judenrein* Palestine — than it is to the PLP.

Few doubt that Kahane is absolutely sincere when it comes to his programme: no-one is suggesting

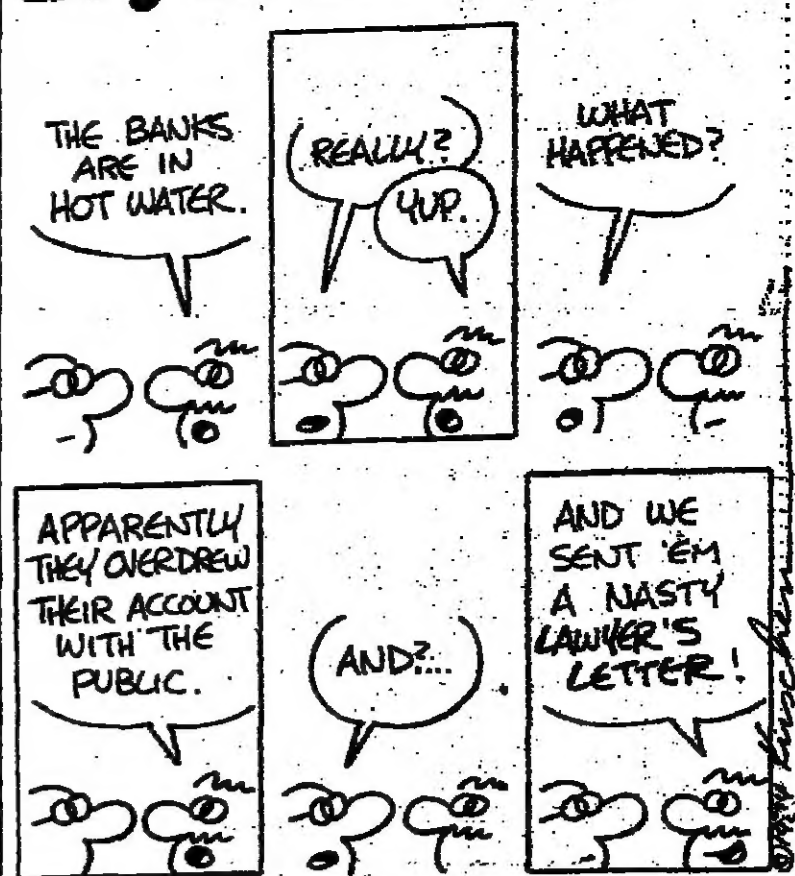
that it is merely a facade for some kind of secular, democratic state. When it comes to Mi'ari, however, many Israelis, following Tehiya's lead, openly doubt that his platform accurately reflects his true intentions: they feel it is just a front, designed first to dismember and then to weaken Israel in preparation for its final liquidation.

Proof of the PLP's "true intentions," according to this view, are its open contacts with the PLO, with much being made of its quest for Yasser Arafat's public endorsement (which it failed to get) prior to the election. What is ignored is that the PLP was angling for Arafat's support of its position, and not expressing its support for the PLO's position. This is, in fact, consistent with the PLP's stand that everything must be done to win over the PLO towards supporting territorial compromise by strengthening those in the organization who are prepared to consider such a solution against those who reject it outright.

Attention is also drawn to Mi'ari's association with the al-Ard party outlawed in 1966, in an attempt to impugn his legitimacy. But while his past association with an outlawed organization does make Mi'ari a legitimate subject for close scrutiny, it does not a priori stigmatize him as an enemy of the state. And nothing he has either said or done over the past two decades has provided the security forces with concrete proof that he is, indeed, a security risk.

Much was made during the Central Election Committee's deliberations of a "secret security file" on Mi'ari and his party. But this, if indeed it exists at all, was not sufficient either to induce Defence

## Dry Bones



Minister Moshe Arens to declare the PLP an illegal organization under Regulation 84 of the 1945 Emergency Regulations, or to induce the Supreme Court to uphold the committee's decision in respect of the PLP.

IN THE FINAL analysis, both Kach and the PLP have to be judged on their declared position and their actions — and not on unfounded suspicions of "hidden motives" yet to be proved.

Plainly, given political realities in this part of the world, any Arab list will inevitably be in some way suspect, and it is legitimate that it should come in for close scrutiny on

the part of the security forces. But in the absence of any hard and fast evidence suggesting that such a party is indeed an immediate and obvious security risk, it should be given the benefit of the doubt and its programme taken as a *bona fide* reflection of its intentions.

For once we give in to the temptation to distrust the motives of any Arab party simply because it is Arab, we will find ourselves on the slippery slope that brings us ever closer to a position where distinctions between ourselves and the likes of Kahane are reduced to degree rather than principle.

The writer is The Jerusalem Post's Middle East affairs reporter.

## Running scared

By DAVID KRIVINE

deficit ballooned, aggravating Israel's economic plight, to no purpose except electoral advantage.

Now the foreign currency reserves have dropped below the danger point. The Treasury is desperately introducing stop-gap measures, until there is a government capable of taking over. But there is no government, the parties have no time for that. They are busy negotiating.

WHAT EXACTLY are people scared of? Several things: first, that the politicians will go on negotiating while the economy disintegrates. Both big parties are ready for a government of national unity. They talked about it together last week, at the King David Hotel. Yitzhak Shamir, the leader of the Likud, does not rule out the possibility that it be headed by Labour.

But the unification is not happening so far, and Rabbi Avraham Shapira of Agudat Yisrael, no novice in inter-factional bargaining, says it won't happen at all. The politicians have too many fish to fry.

Both big parties prefer a small coalition from which the other big party is excluded; and that is the

public's second fear. Likud and Labour are busy with another set of backroom transactions. Who are they conferring with this time? The small three-man, two-man and one-man factions. Subject of negotiation: who can bribe those diminutive groups more at the taxpayers' expense.

And not only the taxpayer. The religious parties want a Who-is-a-Jew law passed which will effectively excommunicate (as far as Israel is concerned) the millions of Liberal and Reform Jews abroad.

Such a measure would be calamitous, Labour has said so repeatedly. But the Likud will agree to it, and as to Labour, who knows? Reports have it that they may do so as well.

THE THIRD FEAR rampant among the public is that a government may be set up which cannot

govern. Suppose either Likud or Labour manage to line up enough supporters (at whatever cost) to give them a majority, and they set up a mini-coalition.

The danger is not that it may be a Likud-dominated coalition (which 930,000 voters would abhor), or a Labour-dominated coalition (which 800,000 voters would detest). The danger is worse than that: it is the probable emergence of a government of national paralysis.

Its task would be to introduce a programme of economic retrenchment causing, initially at least, widespread unemployment. Those measures will be fought tooth and nail by the opposition.

To enforce them the prime minister will depend on the support of factions like the NRP, Shas and Tami, who do not want to court unpopularity. Some of their support-

ers will become jobless and will make it clear to their representatives how they feel about it.

Why should minor parliamentary groups imperil their already modest electoral backing by taking responsibility for policies hammered out by the big party — policies that have nothing to do with the status of religion or the status of the Sephardim?

THE NATIONAL interest requires that Labour and Likud form a coalition together or without the participation of the other factions, and that they pass an electoral reform law to make sure that no governments of national unity are needed in the future.

They should enact a comprehensive economic reform programme as well and then, when the worst is over and things start looking up, dissolve for quick elections.

That is what the two big parties would do if they had the national interest at heart. But there may be no such government of national salvation. That is why the public is so scared.

The writer is a member of The Jerusalem Post editorial staff.

## POSTSCRIPTS

**PS** FIFTEEN underprivileged English teenagers set off recently on a sponsored eastern odyssey that will offer them a first-hand view of life in the Soviet Union, Mongolia, China and Hongkong.

The youngsters will visit nomadic tribesmen in Mongolia, travel by riverboat down the Yangtze and are scheduled to meet young people throughout their 26-day "journey of a lifetime," organizers said.

The £25,000 trip is sponsored by private donations from various sources, including the London Fire Brigade, the Archbishop of Canterbury and King Hussein of Jordan.

Most of the youths are from the London area, and the party includes two deaf youths and an epileptic. Though most of them are unemployed or from poor London districts, they all worked to raise £300 each to contribute to the trip.

They are accompanied by two teachers and a doctor.

**PS** AN ESCAPE ARTIST billed the "New Houdini" was hospitalized with burns recently after failing to free himself of handcuffs and chains while surrounded by bales of blazing straw.

Dashing Dave Danzig, a member of a circus troupe called the Grand Theatre of Lemmings, trussed himself up during a performance at London's Battersea Park, lit the hay and then tried to extricate himself.

"Apparently, he did not succeed," said a Scotland Yard press officer. Danzig was taken to a London hospital, where a spokesman said his injuries were not serious.

It was Danzig's first performance in a four-city nationwide tour. In other feats, Danzig claims to have exploded dynamite tied to his body, and hammered nails up his nose.

**PS** AMERICAN Glynn "Scotty" Wolfe, an ordained Baptist minister who is recognized by the *Guinness Book of World Records* as the world's most married man among monogamous societies, has filed for his 26th divorce, and is looking for his 27th bride.

Wolfe, the father of 40 children, and wife No. 26, Cristina Sue Camacho Wolfe, were married in Las Vegas in January. He blamed a generation gap for his current matrimonial breakup.

Wolfe, 76, said his 38-year-old wife wasn't home most of the time. "These young women don't want to stay home and wash clothes and do the ironing and sweep the floor," he said.

Wolfe said love has drawn him to the altar in previous marriages. But he is courting a different philosophy in his search for mate No. 27.

"All I need now is a wife," he said.

**PS** NEW YORK State liquor licences should be denied to private clubs that discriminate on the basis of religion, sex, race or national origin, according to the NY chapter of the American Jewish Committee, which is lobbying the government on the issue.

Bills calling for sanctions against social clubs that maintain discriminatory policies have been introduced in the New York State Assembly, but these initiatives have consistently failed to win state senate approval. The AJC notes that such clubs are important places for the conduct of business and of fostering professional careers. Thus barring people by virtue of their background could mean the withholding of certain beneficial privileges and violate the law.

The AJC hopes that the threat of "drying up" will induce the clubs to drop their discriminatory practices. J.S.I.

## READERS' LETTERS

### POLLS

To the Editor of *The Jerusalem Post* Sir, — I refer to Philip Gilon's Telereview of July 27. Nobody should expect a poll to predict whether party X will receive exactly 98,453 votes and what problems will arise from this.

Anybody with common sense knows that polls can only predict general trends, i.e. whether the gap between the main parties will be 13-15 mandates, or three to four. In this, Mr. Smith was astonishingly accurate and I do not believe there is any reason to ridicule him.

REUVEN MANNHEIM Nahariya.

### PERES MUST GO

To the Editor of *The Jerusalem Post* Sir, — I have just been listening to the Israeli election results over Radio London and I was shocked to hear them.

If Peres could not beat the Likud decisively after the Lebanon fiasco, after 400 per cent inflation, after the moral breakdown of the country, he should give up the leadership. To lose one election is bad luck, to lose two elections is worse, to lose three elections is proof that he has had it.

WILLIE GERTLER London.

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at 6 p.m. at the Jerusalem Hilton Hotel.

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